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JULY 8, 1988

RESTAURANTS & INSTITUTIONS

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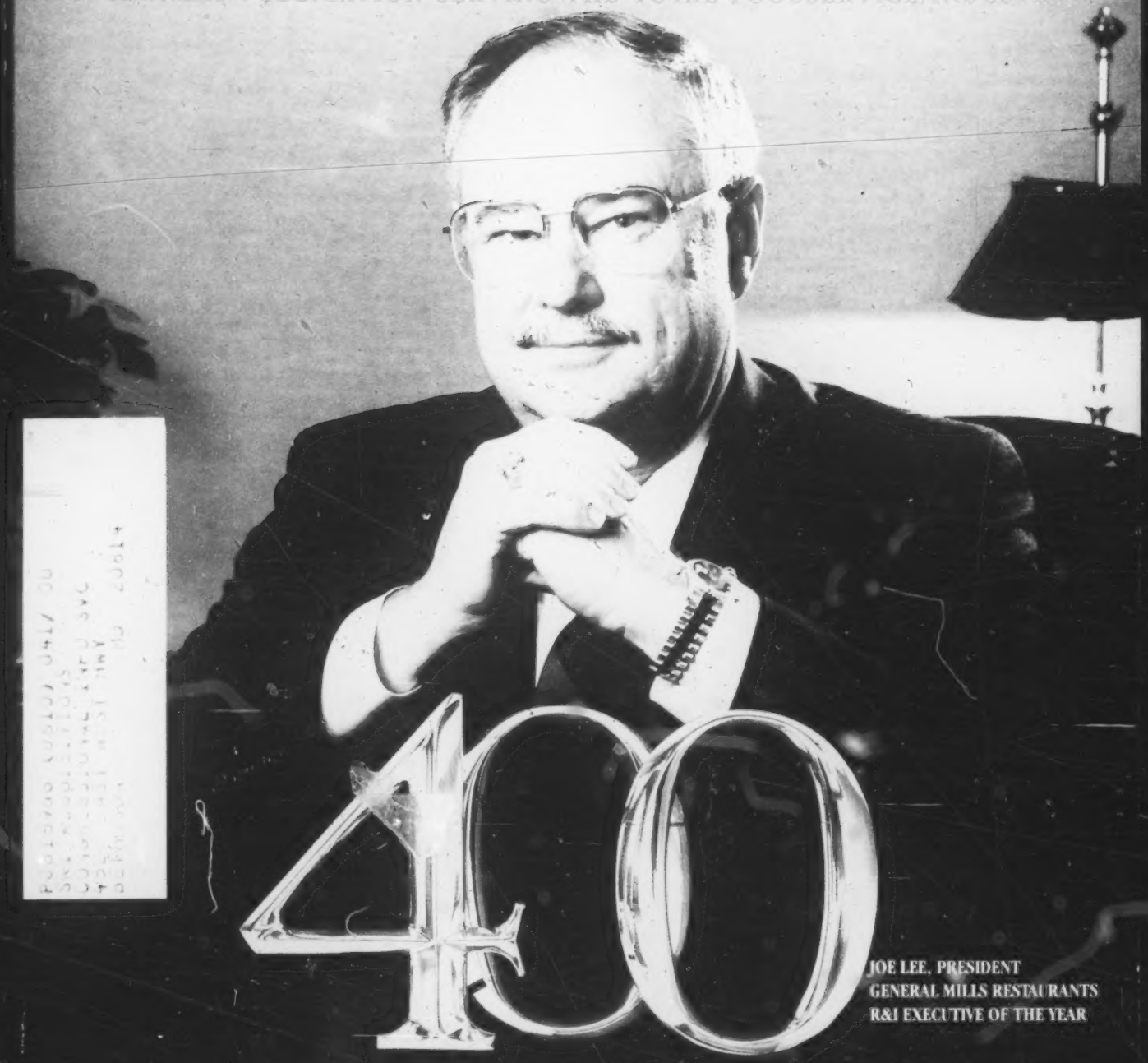

400

JOE LEE, PRESIDENT
GENERAL MILLS RESTAURANTS
R&I EXECUTIVE OF THE YEAR

Part I: Financial Report

JULY 8, 1988

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400: OVERVIEW

THE TOUGH GET GOING

Financial gains of the giants were secured by corporate streamlining and back-to-basics strategies.

In spite of a stock market cataclysm and all kinds of economic uncertainties, 1987 was a much better year than industry experts led us to believe, and the performance of the 1988 *R&I* "400" proves this. Last year's "400" was the first to go over the $100 billion mark in sales, $102,432,540 to be precise, with a 50.5% share of the total foodservice pie.

The 1988 "400" had even more robust numbers. Total sales hit $113,146,100, an increase of $10.7 billion, or 10.4%. Discounting 4.1% inflation for food away from home, the real growth of this year's "400" comes to a very strong 6.3%. On the basis of this, the "400" share of the foodservice industry increased to 51.6%. Therefore, even though some individual companies are struggling or static, this positive showing by companies representing half the industry says foodservice is healthy.

This year's "400" operated in a climate full of change and uncertainty. Merger and acquisition activity was at an extremely high level, thereby destabilizing the foodservice industry to a significant degree. The buying and borrowing led to selling and cost-cutting; the funds ordinarily used for capital investment were limited and this put expansion plans for many "400" companies on hold.

In many ways, the "400" was focused internally. Streamlining of corporate operations was a main concern; once-extended product offerings were scrutinized, as quality items that contributed to the bottom line became more important than variety. Unit expansion declined drastically, and the strategy was to maximize return on existing units by holding on to present customer bases. The best way to do this was to seek differentiation in service quality, a process that is now a priority across the industry. Overall, the "400" posture was conservative.

The perennial question is who made the "400" grow and why. As

'400' COMPANIES AND THE INDUSTRY

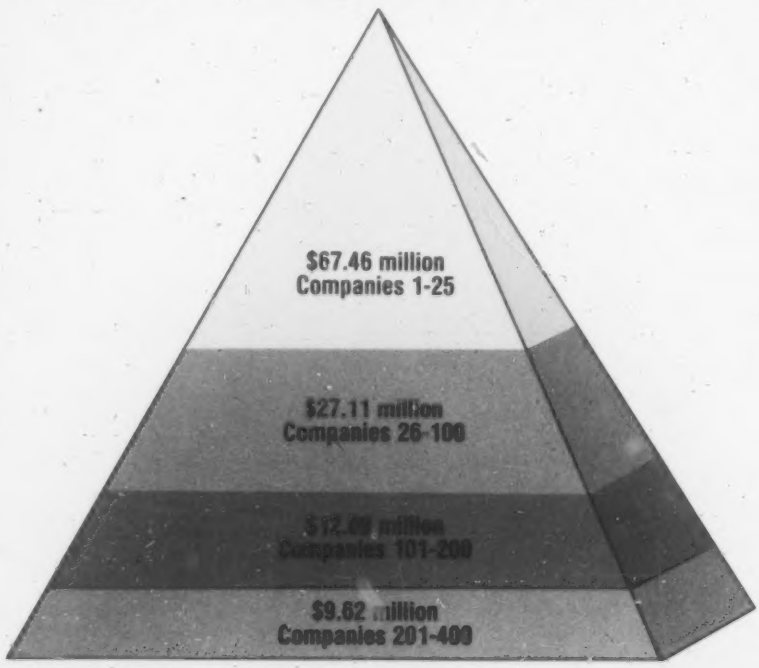
Total sales for the "400" rose sharply to hit 51.6% of total foodservice sales in 1987, only the second time the group has ever accounted for more than half of the industry's sales. The "400" sales total of $113 billion was a 10.4% increase from the previous year. When inflation for food away from home (4.1%) is factored in, the real growth rate is 6.3%, up from 4.7% in 1986.

	'82	'78	'75	'80	'86	'87
Total U.S. foodservice market sales ($ billion)	31	47	78	129	203	219
Total "400" company sales ($ billion)	10	18	33	62	102	113
[illegible] as a percent of total foodservice sales	2%	4%	9%	10%	4%	4%
"400" companies as a percent of foodservice industry	32%	38%	42%	48%	50%	52%

All figures are rounded to the nearest whole number. Total sales figures for "400" corrected to omit duplication—franchisee sales and catered airline volume subtracted.

'400' POWER CONCENTRATED AT THE TOP

Although many companies in the lower ranks showed good sales growth in 1987, the bulk of the "400" sales still come from the handful of companies at the top. The top 25 organizations account for more sales than the remaining 375 companies combined. Sales for the second tier of companies, ranking 26-100, are less than half of the top 25.



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400: OVERVIEW

With an $10.7 billion increase in food sales, real growth of this year's "400" comes to 6.3%.

400

NEW TO THE '400'

American Restaurant Group Inc.
Amerinet/Valuefood Div.
Azar's Inc.
Beacon Hotel Corp.
Buffets Inc.
CHE Inc.
Classic Prime Ltd.
E&A Restaurants of South Florida Inc.
Fat Boy's Bar-B-Q Franchise System Inc.
Franchise Associates Inc.
Furr's/Bishop's Cafeterias L.P.
Happy Joe's Pizza & Ice Cream Parlor Inc.
Hard Rock Cafe
Hardin Group
Health Care & Retirement Corp.
Horizon Hotels Ltd.
Knott's Berry Farm
Lackmann Food Service
National Heritage Corp.
North Carolina State Dept. of Corrections
Paragon Restaurant Group Inc.
Pietro's Corp.
Pointe Resorts
Restaurant Enterprises Group Inc.
Ruth's Chris Steak House Inc.
Sis Corp.
Six Flags Corp.
Skyline Chili Inc.
Straw Hat Cooperative Corp.
Stuckey's Corp.
Sunquest Systems
T.J. Cinnamons Bakeries
Treadway Inns
Wenar Corp.
Wendcoast Corp.
Wendy's of Fort Wayne

always, we can begin by quickly looking at the top tier of the "400." The first 25 companies accounted for $67.46 billion, or 59.6%, of "400" sales. The top two companies, McDonald's and PepsiCo Foodservice accounted for one-third of the "400" sales gain.

McDonald's sales rose $1.9 billion, the largest annual advance in the company's history. Gains were equally divided between U.S. and foreign units. As expected, the impetus came from continued high average unit volume ($1.5 million, a 10% increase over the previous year) and meeting the annual company goal of opening 500 stores (501 to be exact). Systemwide sales, total revenues and net income all reached record levels. Finally, the company reported record results for the 91st consecutive quarter since becoming a publicly held company.

PepsiCo's increase of $1.2 billion was achieved principally through acquisition of Kentucky Fried Chicken, which it held for only part of 1986. It continues as the "400" leader in commercial units with 16,407 (combining KFC, Pizza Hut and Taco Bell) versus 9,159 for McDonald's.

Among "400" institutions, the largest is the U.S. Department of Agriculture (ranked No. 5) with commercial equivalent sales of $3.1 billion; it is far and away the unit leader with 90,180. The next largest institutional organization is the U.S. Navy Food Systems (No. 24) at $800 million sales equivalent.

Highlights among the top 10 "400" companies include: Pillsbury streamlining by preparing to sell off unprofitable holdings; Marriott dividing its hotel and restaurant divisions and selling off Big Boy franchising rights; Wendy's slowly righting itself and rolling out the SuperBar; ARA growing through acquisition into new markets; Hardee's failing to overtake Wendy's in total sales but pulling ahead with larger AUVs; International Dairy Queen acquiring Orange Julius and Karmelkorn Shoppes and combining them in Treat Centers; opening stores at the rate of two per day. Domino's moved from the 12th spot to No. 10 on the strength of 32% growth.

The top 25 growth leaders outpaced the entire "400" by 50%. Big winners were Restaurants Unlimited, Pantera's, Mrs. Fields and TCBY, among others. Riding its very successful Cinnabon concept, Restaurants Unlimited went from No. 313 to No. 193, a 95% improvement. TCBY increased its units by 80% and sales by 70%.

In tune with the takover mania that seized the country, some companies acquired others and quickly climbed the "400" ladder. The David-and-Goliath deal of the year was 115-unit Pantera's purchase of 672-unit Pizza Inn, plus an additional 40 units from Godfather's, to become the fifth-largest pizza chain in America and move from No. 232 to No. 61 on the "400" list. Two other similar buys came close. Steve's (30 units) bought Swensen's (340 units) and Oberweis (7 units) took over Bresler's (300 units). The biggest percentage increment was registered by Mrs. Fields, which acquired La Petite Boulangerie and saw total sales jump 246%.

While some companies acquired, others divested. Marriott sold off its franchising rights to Big Boy. After its leveraged buyout, Southland sold off 1,000 stores to reduce debt. Companies such as Pillsbury were actively seeking buyers for many of their smaller concepts.

One area remained a quick and viable way to expand—franchising. Foodservice franchising sales increased 8.6% to $56.8 billion in 1987, while 1988 sales are projected at $63.2 billion, which represents 44% of the commercial market. Franchised units grew from a 1986 total of 78,000 toward a projected 90,000 at the end of 1988. And international territories were the hottest tickets. By the end of 1987, 6,800 franchised units were operating in major countries outside the United States. Japan leads in franchised foodservice units.

Franchisees continued to become more knowledgeable and organized, thus forcing parent companies to treat them as partners. Companies successful at franchising, such as USACafes, Subway Sandwiches & Salads, and Arby's, have structured new approaches that

maintain incentive and profitability.

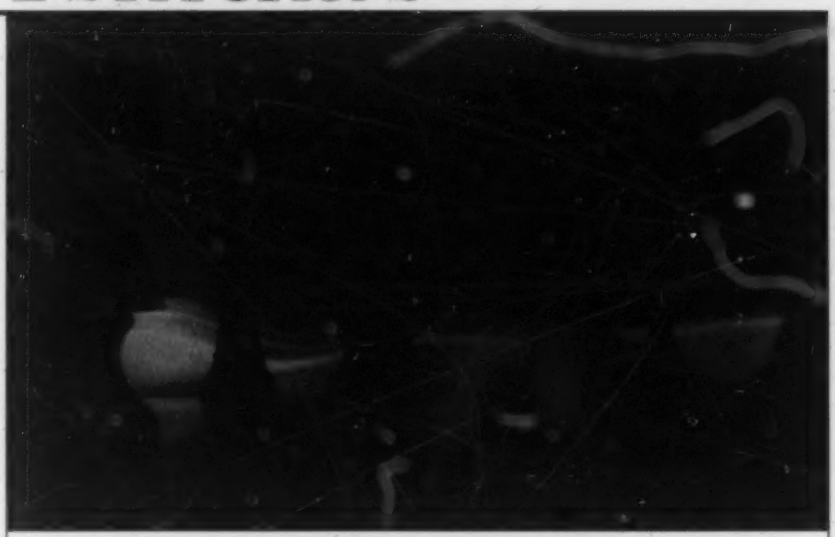
Two other major trends marked "400" activity. Food testing in 1987 was at peak levels as a huge number of products were rolled out and many rolled back. The food of the year was the packaged salad, introduced in quantity by McDonald's; it should become one of the hottest items in foodservice.

Chains accelerated testings in order to more quickly find what consumers wanted. Losers were Rax's breakfast bar, Burger King's barbecue burger, McDonald's mini-pizza and Long John Silver's broiled fish. Products that succeeded were mini-sandwiches, frosty desserts, food bars, and broiled or roasted chicken sandwiches. And the testing goes on unabated.

Few, if any, original restaurant concepts saw the light in 1987. General Mills' successful Olive Garden continued to grow, with competition from Grisanti's and some other Italian chains. However, most chains were sticking to the familiar. Rather than inventing new concepts, many companies preferred a "return to the basics and what we know how to do" philosophy. If there was any experimentation, it was in finding ways to speed up service and crack both the delivery and takeout markets.

There were 39 newcomers to this year's "400". Some made the list through acquisition such as American Restaurant Group, while others gained independence through divestiture, such as Sis Corp. and Six Flags. The two smallest of the newcomers were Hardin Group of Thousand Oaks, Calif., a franchisor of Penguin's Frozen Yogurt which jumped from $14 to $30 million sales in a single year, proving the growing strength of the yogurt market. This year's No. 400 was Happy Joe's Pizza & Ice Cream Parlor, Inc., which proves that basic tastes are still on the road to success.

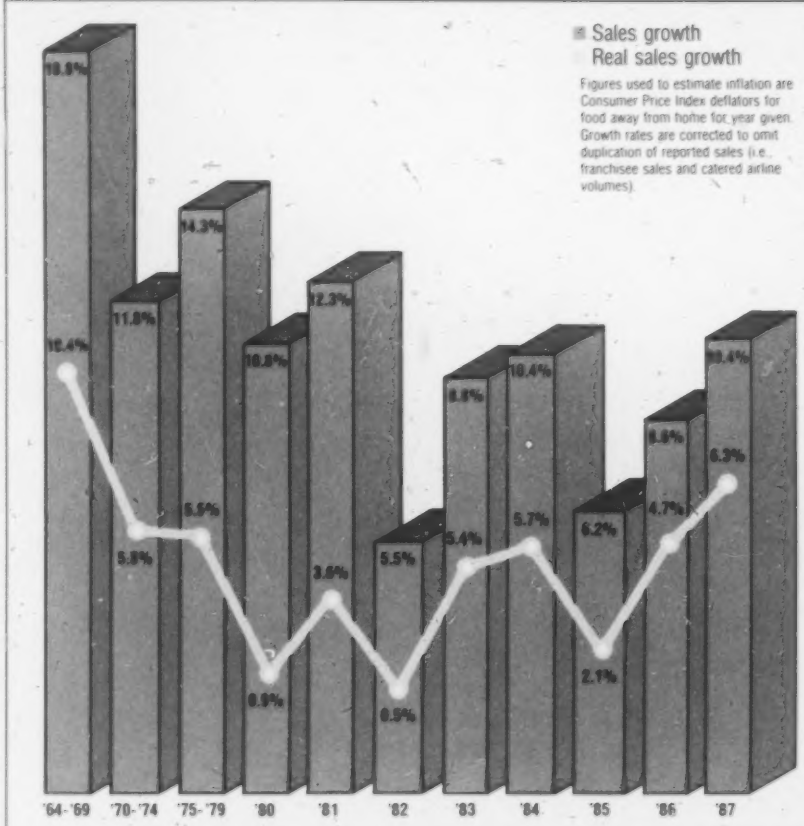
In sum, the "400" displayed energy and movement, but there was no great thrust by anyone, rather a collecting of resources and a keen look around to see where the best prospects lay. If there is the seed of a future trend in this year's "400" activity, it may be the growing willingness to cross lines between segments and operating styles, thus making multisegment and multiconcept companies the potential winners of the future. —*Michael Bartlett*



Smart "400" companies are concentrating on reforming internal strategies.

'400' POSTS BEST REAL GROWTH FIGURE OF THE DECADE

Despite operational problems at some major chains and sluggish sales in the midscale restaurant segment, the "400" as a whole did very well in 1987, with real sales growth hitting 6.3%. This is the best showing of the decade, surpassing even a banner year in 1984, when sales grew 5.7%.



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PORTRAIT OF A POWERHOUSE

Joe Lee makes General Mills unique among food companies with restaurant divisions.

By all accounts, Joe Lee, president of General Mills Restaurants, is a nice guy. He's smart, articulate, able to galvanize people into action when action is needed and doesn't hog credit for the company's success.

Top executives at General Mills Inc., however, don't care much about Lee's charm or soft Southern accent. They're impressed with the nice sales and profits Lee's company produces for the Minneapolis-based food giant.

Those numbers look especially good this year. General Mills Restaurants is one of the few thriving dinner house operators listed in this year's "400." The company posted sales of $1.28 billion for fiscal 1987, ended May 31, 1987, and projected sales of $1.45 billion for fiscal 1988. The chains that make up the company—Red Lobster, York's steakhouses and The Olive Garden—account for 25% of General Mills' sales, which totaled $5.19 billion for 1987. That figure was expected to hit $5.8 billion for fiscal 1988.

These numbers are good by industry standards and even better considering the predicaments other food companies face as they juggle consumer foods and restaurants. "The philosophy of General Mills Restaurants is to identify consumer needs, then do everything we can to efficiently fulfill those needs," says Lee.

Almost all restaurant executives pay lip service to that philosophy. Lee has the experience to carry it out. He joined founder Bill Darden at the first Red Lobster restaurant, which opened in 1968 in Lakeland, Fla. After General Mills bought the blossoming chain in 1970, Lee moved up through operations. He was named vice president of operations in 1972, president and chief executive officer in 1975 and president of the newly formed General Mills Restaurant Group in 1979. In 1980, he was named executive vice president of General Mills and was elected to the board of directors in 1985.

Lee started his career with Red Lobster 20 years ago.

Along the way, Red Lobster picked up the executives that today run General Mills Restaurants. Bill Hattaway joined Red Lobster in 1974 as a seafood buyer and was named president of international in 1987 after running the chain for eight years. Jeffrey O'Hara, president of Red Lobster, came to the chain in 1973 from Gener-

al Mills' Tree House restaurants. Ron Magruder, named president of Olive Garden in 1987, joined Red Lobster in 1972. Charles Benton, president of York's, joined Red Lobster in 1980.

Being a nice guy, Lee deflects credit for the restaurants' success to the management team. "I'm real pleased with our performance," he demurs. "We have excellent people, concepts and resources."

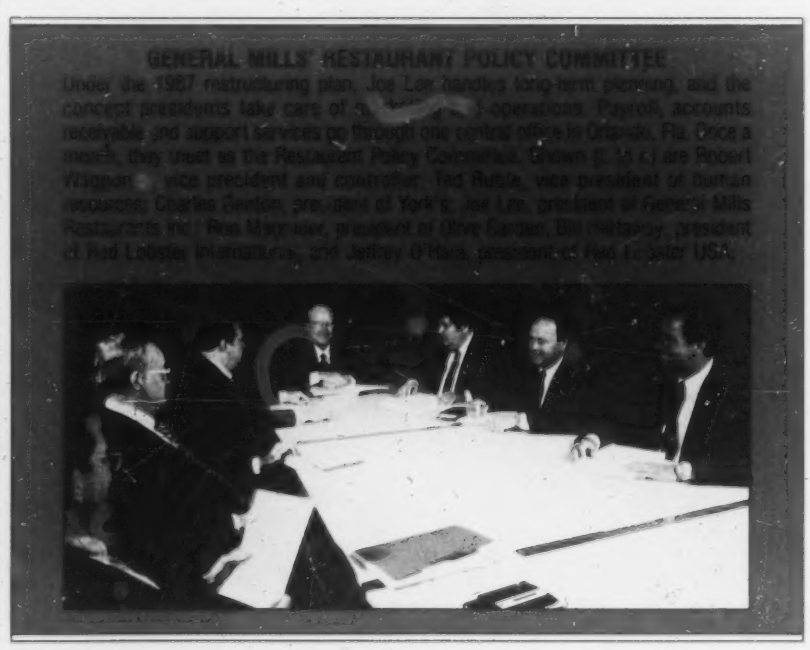
General Mills Restaurants also has a few smart strategies in place. The company does not franchise, which simplifies the rollout of new ad campaigns and menu items. Red Lobster, one of the first players in the midpriced seafood game, was well-established before seafood became a hot and healthful concept. The chain had the foresight to set up an in-house, worldwide fish-buying network in 1971, which now protects menu offerings and prices.

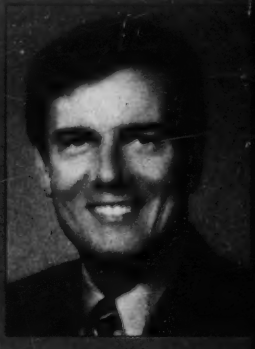
When Lee talks about resources, he is talking about General Mills, which provides expansion capital and extensive consumer research. The two resources came together during the development of Olive Garden, which began in 1980. The restaurant divisions' new business and strategic research pointed to midscale Italian as a hot new concept. General Mills provided the funds for development; the first unit opened in 1982. Before the company would grant permission for national expansion, the chain had to prove its worth: 14 units were up and making money before the OK was given in 1984.

In order to pinpoint specific needs, General Mills keeps consumer products and restaurant research separate. Every three or four years, the research department in Minneapolis runs a global consumer-needs study, which is sent to both consumer foods and restaurants and analyzed separately. Future global studies are likely to uncover more restaurant concept possibilities, Lee says.

General Mills experimented with quite a few concepts and acquisitions in the 1970s and early 1980s before arriving at its current trio of chains. Betty Crocker's Tree House pie shops, for instance, proved to be ahead of their time. So did Good Earth, a healthful-foods concept. Casa Gallardo, a 35-unit chain of Mexican restaurants, was slated for expansion east of the Mississippi but ran into competition from established chains such as Chi-Chi's and El Torito. General Mills sold the rights to the Good Earth concept to franchisees in fiscal 1986. Casa Gallardo, also sold in 1986, is now part of Restaurant Enterprises Group, Irvine, Calif.

The restaurant divestitures took





JEFFREY O'HARA, president of Red Lobster USA since March 1986, joined the chain in 1973. He was named vice president of marketing and menu planning in 1978 and vice president of marketing for the restaurant group in 1980. He was president of Good Earth from 1980 to 1985.

RED LOBSTER FINDS ROOM TO GROW

Red Lobster has more than a few fish to fry lately. The 400-unit chain, expected to post $1 billion in sales this year, is focusing on lunch. Last October, restaurants began offering a 15-minute-or-free guarantee on the entire lunch menu. Lunch now accounts for 20% of total sales.

The chain is preparing to expand into California via its recent acquisition of the 28-unit Seafood Broiler chain. The West Coast presence will eventually extend into Western Canada, says O'Hara. Japan, now home to 24 Red Lobsters, is another major target market: By 1990, 60 units should be open in that country.

Red Lobster is also stepping up its involvement with the Special Olympics, one of its favorite charities. O'Hara and a group of Orlando, Fla., businesspeople will try to convince the Special Olympics Committee to hold the 1995 Games in Orlando.

400: PROFILE

Red Lobster, Olive Garden and York's together account for 25% of General Mills' profits.

continued from page 31

place just after corporate-level restructuring at General Mills. In 1985, the company spun off its toy and fashion companies in order to produce revenue for the food processing and restaurant businesses. General Mills was not alone: The fight for shelf space and supermarket dollars led Ralston-Purina, Quaker Oats and Beatrice to sell non-food businesses.

Divestitures done, General Mills set about restructuring the restaurant division. "The restaurant industry was maturing, and we saw that," says Lee. "We wanted to focus our efforts on our strongest opportunities." The restructuring resulted in Hattaway's appointment to president of international, Benton's promotion to president of York's and Magruder's promotion to president of Olive Garden. The name of the group was changed to General Mills Restaurants Inc.

The organization of the company allows General Mills to run restaurants efficiently. One central office in Orlando, Fla., handles payroll, accounts receivable and other support functions. O'Hara, Magruder and Benton keep tabs on marketing, operations and current expansion. The concept presidents and Lee, as well as Controller Robert Waggoner and Senior Vice President of Human Resources Ted Ruble meet as the Restaurant Policy Committee.

This leaves Lee to look at the big picture. These days, he spends a lot of time in Japan, Red Lobster's hottest market for expansion, and negotiating for expansion in Europe. (The company will not disclose specific countries.) He is keeping a close watch on York's, which is in the midst of repositioning with a food bar and new advertising.

Lee also must deal with labor shortages and expensive real estate, problems especially vexing to growing companies. He can easily handle fickle consumers, since seafood and Italian promise to remain hot concepts for the foreseeable future. And in response to the demand for delivery, General Mills is experimenting with Order In, a delivery dinner service in Eden Prairie, Minn.

Overall, Lee doesn't sound worried about General Mills Restaurants' future. "The leaders now will take a bigger market share in the future, because right now, they're doing the best job of marketing," he says. If this "400" is any indication, Red Lobster and Olive Garden will be right on top. For Joe Lee, that's nice. ***—Lisa Bertagnoli***

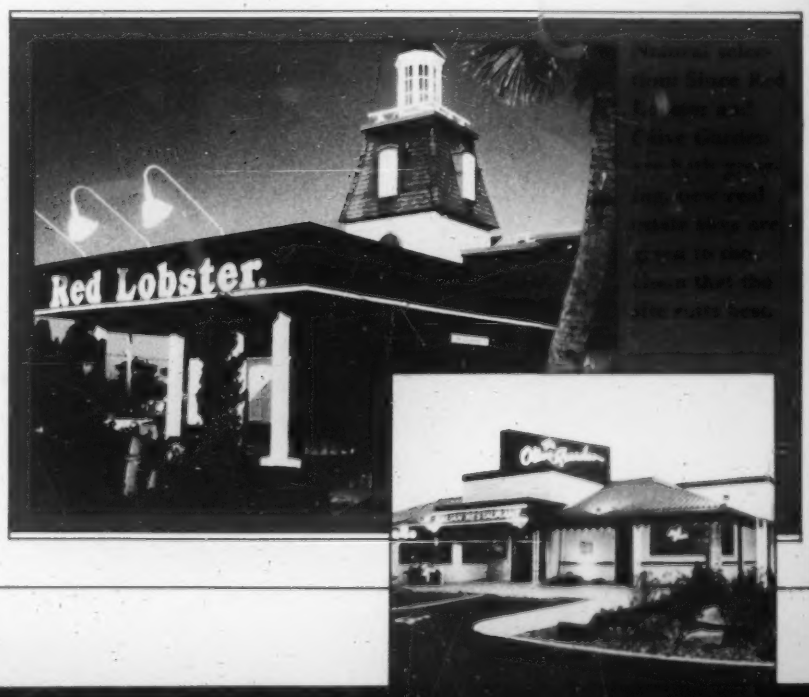
RON MAGRUDER, president of Olive Garden since 1987, joined Red Lobster in 1972. During his 15 years with the company, he was chairman of Creative Dining, the forerunner of the current company, as well as president of Casa Gallardo and York's. He also handles real estate for the three chains.

OLIVE GARDEN BLOSSOMS INTO MAJOR CHAIN

In eight years, Olive Garden has grown from an idea into a 90-unit chain with average unit volumes of $2.5 million.

Because none of the chain's markets are saturated, Magruder must think of ways to advertise without media. Olive Garden's signature bread sticks are sold in Los Angeles supermarkets to attract customers' attention.

Expansion plans call for 300 restaurants open by the early 1990s. During fiscal 1989, 50 new units will open. Of the 50, 24 were under construction by June and an additional 20 sites had been purchased. Nearly 60% will be conversions. "There are a lot of closed restaurants to choose from," says Magruder.



400: RANKINGS

RULES OF THE RANKING

How *R&I*'s "400" makes financial sense out of a diverse range of foodservice operations.

If all foodservice companies were the same, ranking the *Restaurants & Institutions* "400" would be simple. But foodservice organizations are a mixture of apples and oranges that range from closely held family businesses to government institutions, with fiscal years ending at various times throughout the year. Because of this, *R&I* establishes certain rules in an attempt to put all organizations on equal footing.

Foodservice sales (for commercial operations) or purchases (for institutional operations) were accepted only for the calendar year 1987 or a fiscal year that ended after July 1, 1987. Projections through June 30, 1988, were accepted.

The sales figure listed for companies that franchise includes both domestic and international stores as well as sales in franchised units. The figure does not include royalties or franchise fees.

A multiplier (2.8) was applied to the purchasing figure for all institutional organizations to arrive at a commercial sales equivalent. This is done because most institutions do not sell their food, or if they do, the markup usually is not as great as in commercial operations. The 2.8 multiplier translates into a food cost of about 35.5%, about midway between fast-food and full-service restaurants.

Companies that could not or would not separate their food and beverage sales or purchases from other company revenues (from other lines of business) were estimated by *R&I*. All sales or unit figures estimated by *R&I* are marked with one asterisk (*).

Sales or unit figures that were estimated by the foodservice organization itself are indicated by two asterisks (**). Any data that was given for a fiscal year ending other than Dec. 31 is so indicated in the listing.

A footnote (^) is used to indicate the previous year's data inadvertently included sales or purchases other than food and beverages (from gift shops, cover charges, gasoline sales, etc.)

A footnote ([B]) is used to indicate a company has employed a new method of reporting, usually a switch from calendar year to a fiscal year, or a change in accounting for units (from accounts to actual serving locations, etc.).

A footnote ([E]) indicates a company has estimated the sales of its franchisees.

A footnote ([R]) indicates the figure that appeared in last year's "400" has been revised, usually because the company has provided more detailed information about past results.

All sales figures are listed in millions. In the accompanying paragraphs, the abbreviations MM and K are used to signify millions and thousands, respectively. The abbreviation AUV is used for annual average unit (sales) volume. Fy is used to designate fiscal year and co. is the abbreviation used for company.

Companies are listed under a parent company name if the parent company operates more than one concept.

Companies that were acquired or merged during 1987 are listed on their own in the 1988 *R&I* "400" if they operated independently for more than half of 1987.

In the case of a tie (two or more organizations with the same sales figure or commercial equivalent), the following tie-breaking rules apply: Organizations that provided actual sales were ranked first. If two or more organizations fell into this category, they were listed alphabetically. Companies that provided an estimated sales figure or a projection of sales for a fiscal year ending after the questionnaire deadline were ranked next. Companies whose sales were estimated by *R&I* were ranked last.

RESTAURANTS & INSTITUTIONS

Rank '88 ('87)	Organization Headquarters Segment	'87 sales ('86 sales) in $ millions	% change sales	'87 units ('86 units)	% change units	Comments
1 (1)	**McDonald's Corp.** Oak Brook, Ill. Franchisor (fast food/hamburgers)	14,330.4 (12,400)	15.6	9,159 (9,410)	–2.7	Burger behemoth posted 16% jump in revenue, 14% jump in profits and 15% increase in earnings per share, despite lagging industry. AUV hit $1.5MM. Opened store No. 10,000 and will soon open first restaurant in Moscow.
2 (2)	**PepsiCo Foodservice Division** Purchase, N.Y. Franchisor (diverse restaurants)	8,540 (7,335.6)	16.4	16,407 (14,811)	10.8	Parent Co. PepsiCo realized 58% sales increase due to last year's acquisition of Kentucky Fried Chicken, which offset start-up losses relating to Pizza Hut delivery operations and expansion of Taco Bell units.
3 (3)	**The Pillsbury Co. Restaurant Group** Minneapolis, Minn. Franchisor (diverse restaurants)	6,053* (5,500)	10.1	7,339 (5,831)	25.9	Food processor's restructuring plan involves restaurant group: All concepts except Haagen-Dazs and Burger King on the block. Burger King, Bennigan's closed more units than they opened. Fy end 5/88.
4 (4)	**Marriott Corp.** Washington, D.C. Diverse foodservice/lodging	5,623.1* (5,051.4*)	11.3	4,511* (4,723*)	4.5	Sold Big Boy franchise rights and some Saga restaurants. Bought Residence Inns from Holiday Corp.; opened 56 varied lodging units, 2 full-service. Major '88 restructuring separated restaurant and hotel divisions.
5 (5)	**U.S. Dept. of Agriculture, Food & Nutrition Service** Washington, D.C. Government institutions	3,095.4† (3,215.5†)	–3.7	90,180 (89,051)	1.3	Commodities donated to child nutrition increased 7.6%. Lunch programs have shown the greatest increase in the number of meals served. Reduction in availability of dairy products. Fy end 10/87.
6 (6)	**Wendy's International Inc.** Dublin, Ohio Franchisor (fast food/hamburgers)	2,870 (2,747.2)	4.5	3,816 (3,727)	2.4	Last year's reorganization seems to be working, but financial situation still is murky. AUVs said to be down 0.6%. SuperBar rollout continues in franchised units. Some franchisees in arrears with royalty payments.
7 (7)	**ARA Services Inc.** Philadelphia, Pa. Foodservice management	2,813.3* (2,632.3†*)	6.9	3,842 (3,456*)	11.2	Acquired Szabo Foodservice, Children's World and Servisco. Formed GMARA (industrial cleaning service). Opened 3 more Ground Services operations. Provided foodservice at Pan Am Games.
8 (9)	**Imasco USA** Rocky Mount, N.C. Franchisor (diverse restaurants)	2,481.9* (2,268.8*)	9.4	2,991 (2,822)	6	Hardee's still trying to match Wendy's sales. AUVs are higher, though. Burger chain plans to keep discounting to a minimum and stress quality of products. Bought 19 Casa Lupitas to convert to Grisanti's Italian concept.
9 (10)	**International Dairy Queen Inc.** Minneapolis, Minn. Franchisor (diverse restaurants)	2,032 (1,723)	17.9	6,069 (5,513)	10.1	Everything for the sweet tooth: Dairy Queen became co-owner of Orange Julius in 8/87, promptly opened its first Treat Center food court (DQ, OJ and Karmelkorn side by side). Michael Sullivan named pres. 12/87.
10 (12)	**Domino's Pizza Inc.** Ann Arbor, Mich. Franchisor (fast food/pizza)	1,980 (1,500)	32	4,279 (3,606)	18.7	Delivery specialist continues aggressive growth to the tune of 32%—annual average of 2 stores a day. Stand-alone prototype unit under way. Concentrating on store security and driver safety on a national basis.

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Rank '88 ('87)	Organization Headquarters Segment	'87 sales ('86 sales) in $ millions	% change sales	'87 units ('86 units)	% change units	Comments
11 (8)	**TW Services** New York, N.Y. Diverse foodservice	1,859.9* (2,449.2*)	–24.1	2,352 (3,862*)	–39.1	Spartan division opened 43 new Hardee's and El Pollo Locos. Signed 68 franchise agreements for its proprietary restaurant concepts. Initiated $1 billion refinancing program to reduce debt service. Acquired Denny's 7/87.
12 (New Member)	**Restaurant Enterprises Group Inc.** Irvine, Calif. Diverse restaurants	1,520* (—)	—	801 (—)	—	Co. spent '87 cleaning up restaurant portfolio. El Torito, Coco's, Carrow's, Reuben's, Charlie Brown's, Darryl's, Bristol, Devon will stay in Western states; Houlihan's in Midwest, Northeast.
13 (13)	**Denny's Inc.** La Mirada, Calif. Franchisor (diverse restaurants)	1,485.4 (1,335.8)	11.2	2,072 (2,016)	2.8	Co. was acquired by TW Services in 7/87 for $218MM in cash and assumption of the chain's debt. El Pollo Loco subsidiary went to Japan. EPL Japan, joint venture with Mitsui Trading Co., plans to open 484 units in 11 years.
14 (18)	**General Mills Restaurants Inc.** Orlando, Fla. Diverse restaurants	1,450** (1,050)	38.1	644 (599)	7.5	Red Lobster has purchased and will convert 28 Seafood Broiler units in Calif. Olive Garden's 100th unit expected by 6/88. York's undergoing repositioning; traffic up 20% in remodeled units. Fy end 5/88.
15 (14)	**The Sheraton Corp.** Boston, Mass. Lodging	1,391.2 (1,251.8*)	11.1	1,555 (1,457)	6.7	Sees self as leader in "second generation of all-suites." Mix-and-match designs include flexible restaurant/lounge area, c-store. Started free bed and breakfast for kids, as well as own Culinary Olympics team.
16 (11)	**Holiday Corp.** Memphis, Tenn. Lodging	1,386* (1,638.3*)	–15.4	1,917* (2,482*)	–22.8	Sold international assets plus 13 domestic hotels to Bass PLC. Paid off $1 billion in debt first year after recapitalization. Gaming div. profiting from Vegas casino add-on. New services for seniors, hearing impaired.
17 (16)	**Shoney's Inc.** Nashville, Tenn. Diverse foodservice/lodging	1,227.3 (1,198)	2.4	1,483 (1,360)	9	Shoney's div. opened record 62 units, expanded breakfast bar. (Bar accounts for 24% of total sales.) Switched to a new, larger, brighter building design for Captain D's. Lee's Chicken saw steady 7-unit increase. Fy end 10/87.
18 (17)	**Collins Foods International Inc.** Los Angeles, Calif. Franchisor (diverse restaurants)	1,052.7 (1,057.4)	–0.4	1,003 (976)	2.8	Co. sold Collins Foodservice Corp., wholesale distribution business, to Bunzl Corp. and Naugles Mexican chain (171 units) to American Restaurant Group Chairman Anwar Soliman's AWR II Acquisition Corp. Fy end 4/88.
19 (19)	**Service America Corp.** Stamford, Conn. Foodservice management	1,030** (1,001.9)	2.8	11,000** (11,546)	–4.7	Completed successful management leveraged buyout in 12/87; implemented employee "Back-to-Basics" customer-service program. Plans $30MM capital-expansion program for '88.
20 (21)	**Arby's Inc.** Atlanta, Ga. Franchisor (fast food/roast beef)	980 (892.8)	9.8	1,973 (1,760)	12.1	Co. that positions itself as an "alternative" to the burger chains opened 220 units in '87 and plans 235 in '88, focusing on Canada, U.S. and Pacific Basin. Will reach $1 billion mark in sales in '88.

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21 (20)	**Hilton Hotels Corp.** Beverly Hills, Calif. Lodging	970 (930.8*)	4.2	1,185 (1,155*)	2.6	Finished $1 billion-plus renovation of 12 hotels. First Hilton Suites hotel, in Calif., will have c-store, spa, complimentary breakfast. Latest court decision in stock control battle went Barron Hilton's way.
22 (32)	**Morrison Inc.** Mobile, Ala. Diverse foodservice/management	858 (652.2)	31.6	1,053 (609)	72.8	Co. merged with Custom Mgmt. Corp. in 4/87. Also entered international market in Canada and started joint-venture hospital feeding program in Japan. Acquired Dobbs Food Service Mgmt. from Carson Pirie Scott in '88.
23 (22)	**The Southland Corp.** Dallas, Texas Retail (convenience stores)	828.8* (875.9*)	−5.4	7,000* (7,835)	−10.7	Co. went through an expensive leveraged buy-out in '87. To help repay a portion of the nearly $4 billion of debt, Southland will sell about 1,000 stores. Tested a partnership program with Hardee's and Church's.
24 (23)	**U.S. Navy Food Service Systems Office** Washington, D.C. Military	810† (809.6†)	—	684 (684)	0	Military mess goes modern. Fish, poultry, pasta and spicy-hot dishes are ever more popular. Among '87 introductions: turkey croissant with chutney sauce. Served 68MM rations last year in 684 messes.
25 (25)	**Jerrico Inc.** Lexington, Ky. Franchisor (diverse restaurants)	791.8* (763.9)	3.7	1,584 (1,467)	2.5	Acquired 61 stores from the second-largest Long John Silver franchisee. Florenz Italian concept completed repositioning. Co. plans to open pilot quick-service Italian concept. $60MM earmarked for LJS capital expansion.
26 (29)	**U.S. Army Community & Family Support Centers** Alexandria, Va. Military	766.4† (715.1†)	7.2	626 (631)	−0.8	Army committed to investment of $124MM in '88 to spruce up facilities on bases all over the world. There are 626 centers worldwide, with private-sector sales equivalent of $766.4MM last fiscal year.
27 (24)	**Ponderosa Inc.** Dayton, Ohio Franchisor (full service/steakhouses)	730.4 (770)	−5.1	693 (704)	−1.6	Co. sold all but its 3 company-owned Casa Lupita units to Grisanti's in 8/87, streamlined operations to reduce costs by $6MM and remodeled 176 units. Also sold 3 English Ponderosas. Fy end 2/88.
28 (33)	**Dunkin' Donuts Inc.** Randolph, Mass. Franchisor (diverse restaurants)	728.8 (648)	12.5	1,669 (1,539)	8.4	Co. tested new distribution channels: Circle K and Dairy Mart c-stores, Amoco gas stations, Riese locations, mobile carts, satellite shops, kiosks. Will keep exploring drive-thrus. Chili's full-service restaurants expanded.
29 (31)	**Hyatt Hotels Corp.** Chicago, Ill. Lodging	726.4* (681.8*)	6.5	390** (386*)	1	Opened 6 hotels. Major revamp of Gold Passport frequent-traveler program. Switched ad agencies. Plans aggressive expansion, especially in fantasy resorts. Some restaurants marketing "homestyle" food.
30 (39)	**Little Caesar Enterprises Inc.** Farmington Hills, Mich. Franchisor (fast food/pizza)	725 (520)	39.4	1,820 (1,308)	39.1	"Little?" Hardly. The co. showed a 314% growth in systemwide sales from '83 to '88. Also projects it will top the $1 billion mark in sales in '88. Franchising is fine with 1,349 units in U.S., 30 overseas.

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31 (26)	**Carlson Cos.** Minneapolis, Minn. Diverse foodservice/lodging	724.1** (749.8)	−3.4	757 (889)	−14.8	Radisson's Flavor of the Northwest promo was a hit and co. continues to upgrade food and service. At Country Kitchen, a new interior design was unveiled. Expansion continues at TGI Friday's.
32 (30)	**U.S. Army Troop Support Agency** Fort Lee, Va. Military	698.6† (700.8†)	−0.3	1,074 (1,185)	−9.3	Frozen yogurt, stuffed cabbage, herbed green beans and bagels joined the menu at 1,074 dining facilities worldwide. Agency experimented with "breakfast fitness bar."
33 (27)	**Ramada Inns Inc.** Phoenix, Ariz. Diverse foodservice/lodging	657.2* (737.9*)	−10.9	802 (701*)	14.4	Implemented RoomFinder III, a high-tech reservations system. Inched toward goal of managing hotels, not owning them. Plans $60MM casino in Laughlin, Nev. With Rodeway purchase, entered economy market.
34 (35)	**Foodmaker Inc.** San Diego, Calif. Franchisor (fast food/hamburgers)	[illegible] (639.5*)	2.4	897 (849)	5.7	Co. continuing to increase number of franchised Jack In The Box units. Initial public offering made 2/87. Fajita Pita, Ultimate Cheeseburger, Finger Foods added to ever-growing menu. Fy end 9/87.
35 (37)	**Baskin-Robbins Ice Cream Co.** Glendale, Calif. Franchisor (fast food/ice cream)	624.7* (572.1*)	9.2	3,372 (3,311)	1.8	Co. is testing "31 Treats" concept (ice cream plus other sweets) in Calif., Texas. Frozen yogurt went systemwide. "Baseball (or Football) Helmet Sundae" was hit format. Wendy's joint venture ended unsuccessfully.
36 (38)	**Friendly Ice Cream Corp.** Wilbraham, Mass. Full service (family dining)	572.4 (536.5)	6.7	840 (829)	1.3	Co. completed conversion of its Idlenot Farm Shops into Friendly Ice Cream stores and started conversion of Litchfield shops, to be complete by year-end '88. Five-minute Express lunch now permanent policy.
37 (41)	**Army & Air Force Exchange Service** Dallas, Texas Military	544.6† (496.9†)	9.6	2,755 (2,732)	0.8	Big news here is expansion of theme restaurants with identifying names, menus and decor packages. Pushed nutrition with promos such as "Super Breakfast."
38 (36)	**Church's Fried Chicken Inc.** San Antonio, Texas Franchisor (fast food/chicken)	533.9 (577.7)	−7.6	1,422 (1,532)	−7.2	Co. went back to basics in '87, trimming menu, revamping its style. Dumped some poorly performing units to regain profitability, but salmonella scare ate into sales. Plan to build walk-up takeout kiosks in '88.
39 (42)	**USACafes** Dallas, Texas Franchisor (diverse restaurants)	529.5 (480)	10.3	605 (571)	6	Co. restructured to limited-partnership status, a move that pushed net income for '87 to $8.6MM compared with $3.4MM in '86. Co. speeded up expansion: 70 new Bonanzas in '87. Will franchise Ribby's in '88.
40 (New Member)	**American Restaurant Group Inc.** Newport Beach, Calif. Franchisor (diverse restaurants)	500 (—)	—	360 (—)	—	ARG was formed in 2/87 and currently operates Grandy's, Stuart Andersons, MacArthur Park, Prego, Ciao, Velvet Turtle, Tutto Bene and others. 12 company-owned units opened in '87; 12 coming in '88.

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41 (61)	**Inter-Continental Hotels Corp.** New York, N.Y. Lodging	490* (381*)	28.6	300* (399*)	-24.8	Internal restructuring. Patrick Copeland named pres. & COO. Steve Peeck named VP of f&b. A new $8MM worldwide ad campaign will use TV for the first time. Co. wants 200 hotels by the year 2000.
42 (47)	**A. Copeland Enterprises Inc.** Jefferson, La. Franchisor (diverse restaurants)	482.6 (415)	16.3	710 (656)	8.2	Popeyes chain continues to grow, with a projected 100 new units to open in '88. Full-service Copeland's restaurants will condense menus and expand into the Southern Calif. and Fla. markets.
43 (44)	**Western Sizzlin' Steak House Inc.** Augusta, Ga. Franchisor (full service/steakhouses)	466.2 (442.6*)	5.3	585 (557*)	5	Western Sizzlin' followed through on menu upgrade and revision it started in '86. 85 units now have new menu in place. Co. launched a remodeling program and designed prototype for all future buildings.
44 (43)	**Carson Pirie Scott & Co.** Chicago, Ill. Diverse foodservice/lodging	463.2* (465.7*)	-0.5	281* (433*)	-35.1	Carson's is setting priorities and getting out of foodservice. Sold Dobbs Houses, airline catering and airport concessions to Greyhound. Specialty restaurant, catering and lodging divisions are termed discontinued operations.
45 (51)	**Investors Management Corp.** Raleigh, N.C. Diverse restaurants	445.8 (381)	17	542 (519)	4.4	IMC's Golden Corral steakhouses formed Golden Corral Franchising Systems to develop multi-unit franchise agreements. Among them: GC-DFW Corp. will develop 15 restaurants in Dallas area within 5 years.
46 (46)	**Elias Brothers Restaurants Inc.** Warren, Mich. Diversified franchisee	434.7* (416)	4.5	254 (254)	0	Big '87 news for Elias was controversial acquisition of Big Boy franchising rights from Marriott amid franchisee strife. Co. spokesman says 50-year-old Elias now working on other acquisitions, too. Fy end 9/87.
47 (28)	**United Airlines** Chicago, Ill. Transportation	397.6† (356.6†)	11.5	18 (18)	0	"United" again after brief stint as Allegis. Public flocking to the friendly skies. Carrier flew 55MM passengers vs. 32.3MM in '86. Meals served went to 61.6MM from 42.6MM. Sold Hilton Intl. and Westin.
48 (45)	**Manor Care Inc.** Silver Spring, Md. Diverse foodservice/lodging	388.6† (441.9*)	-12.1	922 (816*)	13	Manor Care operates 144 nursing homes with 19,058 beds. Co. also owns Quality Inns lodging chain, holding budget, mid-priced and luxury hotels. Nursing home food purchases for '87 estimated at $18.8MM.
49 (52)	**Ogden Allied Services Corp.** New York, N.Y. Diverse foodservice/management	388.5* (370)	5	1,725* (1,725)	0	Diverse-interest co. operates in all 50 states out of 10 regional bases under Ogden Food Service Corp., Offshore Food Services and Alpine Burtco International subsidiaries.
50 (40)	**VICORP Restaurants Inc.** Denver, Colo. Franchisor (diverse restaurants)	381.6 (502.8)	-24.1	410 (445)	-7.9	'87 was a turnaround year for VICORP. Finished conversion of Sambo's into Bakers Squares, improved business in Calif. and Fla. Former CEO Gordon Miles led an LBO of the co.'s specialty restaurants. Fy end 10/87.

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51 (56)	**Rax Restaurants Inc.** Columbus, Ohio Franchisor (fast food/varied)	358.3 (328.9)	8.9	529 (512)		Tight cost controls, elimination of unprofitable units and enhancement of "fast-food" image is the order for '88. New drive-thru-only unit to debut in Ohio. Fy end 7/87.
52 (53)	**Greyhound Food Management Inc.** Phoenix, Ariz. Diverse foodservice/management	350** (350)	—	450 (439)		Co. plans expansion of Restaura Dining Services, the contract mgmt. div. that services B&I and health care. No plans to expand Cassano's Pizza or Burger King units in '88.
53 (New Member)	**Perkins Family Restaurants L.P.** Memphis, Tenn. Full service (family dining)	343.7 (—)	—	334 (—)	—	Switch to limited partnership at end of '86 helped Perkins reap hefty tax benefits, show 143% rise in profits on 24% revenue jump in 3rd qtr. '87. Aiming for 400 units by '89.
54 (54)	**Carl Karcher Enterprises Inc.** Anaheim, Calif. Franchisor (fast food/hamburgers)	343.6 (344.9**)	–0.4	444 (433)		Carl's Jr.'s back-to-basics program continues with restaurant remodeling. Closed 27 units outside core Southern Calif. market. SEC investigating principals on insider-trading charge.
55 (67)	**Walt Disney Co.** Lake Buena Vista, Fla. Diverse foodservice/lodging	336 (288.7*)	16.4	182 (182)		Major plans in '88: 900-room Grand Floridian Resort, 2,200-room Caribbean Beach Resort, Pleasure Island show complex. Orlando did $1MM f&b on Christmas Day. Fy end 9/87.
56 (48)	**U.S. Air Force Open Mess System** Randolph AFB, Texas Military	331† (409.8†)	–19.2	262 (502)		Air Force goes Cajun: Menu introductions in 262 officers, NCO and consolidated clubs included blackened chicken, turkey and duck as well as other "country cookin'."
57 (55)	**U.S. Air Force** Tyndall AFB, Fla. Military	319.5† (329.6†)	–3.1	669 (672)		Continued implementation of Services Information Management System, automated foodservice module at global bases. Also testing SIMS small-site prototype.
58 (61)	**Sonic Industries Inc.** Oklahoma City, Okla. Franchisor (fast food/hamburgers)	315 (291)	8.2	953 (958)		Burger chain targeting Fla. as growth market. More than 200 units remodeled last year; co. increased TV advertising by 300%. Sonic Blast ice cream treat joined menu last year.
59 (62)	**The Riese Organization** New York, N.Y. Diversified franchisee	312* (290)	7.6	303* (260)		In past 4 yrs., diversified franchisee co. has focused on Pizza Hut, Houlihan's, Roy Rogers, El Torito growth in Big Apple. Despite talk of going public, co. still private.
60 (65)	**Beverly Enterprises** Pasadena, Calif. Health care	308† (280†**)	10	1,052* (1,100)		Posted a $60 million loss in '87 due to quick expansion, tight competition, sliding occupancy. Dividend suspended, executive salaries frozen, marginal properties sold.
61 (76)	**National Purchasing Corp.** Irvine, Calif. Health care	307.6†** (282.2†)	9	2,105 (2,037)		Organization coordinates and negotiates contracts for a variety of health-care facilities nationwide. Added 255 contracts in '87; plans to expand in East in '88.
62 (232)	**Pantera's Corp.** St. Louis, Mo. Franchisor (full service/pizza)	300 (60)	400	786 (120)		Co. acquired Pizza Inn Inc. in late 7/87 in a deal valued at about $45MM. This transforms the co. into the fifth-largest pizza chain with 786 units. Fy end 6/88.
63 (86)	**The Seiler Corp** Waltham, Mass. Foodservice management	299 (220.2*)	35.8	400 (540*)		A year of acquisitions for this fs. management co. Western Foods, In-Plant Catering and Dietary Consultants Inc. now under the corporate wing. PC: Sodexho. Fy end 9/87.
64 (72)	**IHOP Corp.** North Hollywood, Calif. Franchisor (full service/family dining)	297.5 (264.1)	12.6	454 (450)		After 4 years of work, IHOP completed a leveraged buyout of its Swiss holding company. Co. continues remodeling. Interior design upgrade plan approved 12/87. Fy end 1/88.

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65 (58)	**Boddie-Noell Enterprises Inc.** Rocky Mount, N.C. Franchisee (fast food/hamburgers)	297.2* (298)	−0.3	279 (338)	−17.5	Hardee's franchisee of 25 years unfastened 74 Zip Mart c-stores and sold them in '87. Added 15 Hardee's. Kept ranking as No. 2 U.S. Hardee's franchisee. Fy end 9/87.
66 (68)	**Hospital Corp. of America** Nashville, Tenn. Health care	288.8†* (273.5†**)	5.6	484 (389)	24.4	Following year of major restructuring (sold 104 facilities to employees and retained 82 larger urban hospitals), outlook brighter. Patient days have increased.
67 (70)	**White Castle System Inc.** Columbus, Ohio Fast food (hamburgers)	282.6 (268.5)	5.3	236 (222)	6.3	Breakfast sandwiches in test. Frozen burgers test continues. Castle Meals, "doubles" promotions on the calendar this year.
68 (49)	**Sky Chefs Inc.** Dallas/Fort Worth Airport, Texas Diverse foodservice/management	275.8† (398)	−30.7	35[B] (326*)	−89.3	AMR (American Airlines' parent) sold this co. to its senior management and a Toronto firm 5/86. Restaurants and concessions sold 2/87. Will open 3 new catering kitchens by 8/88.
69 (66)	**Trans World Airlines Inc.** New York, N.Y. Transportation	275†* (275†)	—	3* (3)	—	Ozark acquisition completed. Number of international flights will jump 30% in '88. Revenue passenger miles up to 33 billion from 27.4 billion.
70 (34)	**K mart Corp.** Troy, Mich. Retail	274.5* (646.2*)	−57.5	1,559 (1,968*)	−20.8	Co. operates cafeterias, sandwich shops, family restaurants, eateries, snack bars and coffee shops in its discount stores. Plans to enter the "Hypermarket" superstore arena.
71 (121)	**Doctors Associates Inc.** Milford, Conn. Franchisor (fast food/subs)	272** (140)	94.3	1,815 (987)	83.9	Subs are surfacing: 882 units in '87 and 1,000 more set for '88. Sales are soaring for Subway shops, with an almost 100% increase in '87. Ad budget will be doubled to $12MM in '88.
72 (57)	**Chi-Chi's Inc.** Louisville, Ky. Franchisor (full service/dinner houses)	270 (315**)	−14.3	201 (199)	1.0	After 2 years of sales dips, Chi-Chi's appears to have turned the corner. Acquisition by Foodmaker will allow chain to capitalize on existing markets and continue growth pattern.
73 (81)	**Whataburger Inc.** Corpus Christi, Texas Franchisor (fast food/hamburgers)	265** (225)	17.8	392 (365)	7.4	Burger chain named new regional ad agency for N.M. and Ariz., regions that will figure significantly in marketing and expansion plans for '88.
74 (71)	**Veterans Administration** Washington, D.C. Health care	264.3† (264.8†[B])	−0.2	162 (160)	1.2	Served more than 70MM dietetic patient meals in 162 hospitals. Food purchases last year totaled $94.5MM. Number of meals is down 2% from year before, though.
75 (75)	**Round Table Franchise Corp.** San Francisco, Calif. Franchisor (full service/pizza)	262.5 (250)	5	535 (500)	7	Co. ventured outside the U.S. with units in Japan and Taiwan. About 70 units are planned for '88, the majority in the Western U.S. AUVs are $500K. Fy end 6/98.
76 (84)	**New York City Board of Education** Long Island City, N.Y. Schools	257.6†** (222.7††)	15.7	1,207 (1,200)	0.6	Implemented a productivity-based promotional system for foodservice managers. Remodeled and opened 6 locations in '87. Also serves Meals on Wheels. Fy end 6/88.
77 (New Member)	**Furr's/Bishop's Cafeterias L.P.** Lubbock, Texas Full service (cafeterias)	256.2 (—)	—	152 (—)	—	Co. operates 126 Furr's Cafeterias and 26 Bishop Buffets formerly owned by K mart. Avg. check $4.44. Emphasis in '88 will be on building guest frequency. Fy end 1/88.
78 (78)	**Nestle Enterprises Inc.** Solon, Ohio Diverse foodservice/lodging	254.2* (232*)	9.6	176* (239)	−26.4	Nestle now operates J.B. Winberie's, Rusty Scupper and other concepts (68 units total, 7 opened in '87) plus 32 hotels with 108 additional f&b units.

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79 (100)	**Chili's Inc.** Dallas, Texas Franchisor (full service/dinner houses)	253** (196*)	29.1	146 (114*)	28.1	Chili's is hot, opening 32 units in '87; at least 30 in '88 and then 20-23 a year. Six Flyer's Island Express units now in test, serving ¼-lb., 99-cent burgers.
80 (74)	**Delaware North Cos. Inc.** Buffalo, N.Y. Foodservice management	246.8* (250)	−1.3	292 (292)	0	Sales held steady for fs. concessionaire in '87 due to the combination of increased demand, increased market penetration and cost reductions. Fs. sales constitute 45% of business.
81 (60)	**Carvel Corp.** Yonkers, N.Y. Franchisor (fast food/ice cream)	243.8* (291.5*)	−16.4	750** (870*)	−13.8	Co. sticks to American classics: Carvel ice cream, Nedick's hot dogs, Fudgie the Whale, nothing else. Hottest-selling frozen goodies are "flying saucer" ice cream sandwiches.
82 (142)	**Northwest Airlines Inc.** St. Paul, Minn. Transportation	233.7† (112†)	108.7	81 (3)	2600	Jump in sales due to expanded routes and increased flights stemming from acquisition of Republic Airlines 8/86. Carrier is re-evaluating foodservice program.
83 (90)	**Luby's Cafeterias Inc.** San Antonio, Texas Full service (cafeterias)	232.9 (215.1)	8.3	103 (94)	9.6	Reported flat operating income 3/88 for first time since it began trading publicly 15 years ago. Customer counts down 2.4% in '87. Co. will expand in the Southwest. Fy end 8/87.
84 (91)	**U.S. Marine Corps** Washington, D.C. Military	231.8†** (206.6†)	12.2	109 (103)	5.8	Civilian contracting of 18 mess halls was the big news for '87, along with facility improvements in U.S. and Japan. More formal training was supplemented by new manuals.
85 (88)	**Waffle House Inc.** Norcross, Ga. Franchisor (full service/family dining)	130.6* (219.5*)	5.1	610* (590)	3.4	Co. has franchised units in 20 states. Will not divulge much info, but big franchisee Northlake Foods (97 units in Fla., Va. and Ga.) drew attention with major mgmt. training program.
86 (73)	**The Horn & Hardart Co.** New York, N.Y. Diversified franchisee	227.6 (256.5**)	−11.3	275 (325)	−15.4	Co. closed unprofitable Bojangles' units as part of restructuring process. Purchase of International King's Table buffet restaurants on the boards for '88.
87 (87)	**Bob Evans Farms Inc.** Columbus, Ohio Full service (family dining)	220 (220)	—	196 (175)	12	Despite flat sales, co. was able to buy Owens Country Sausage Inc. and start building an Owens chain in the Southwest. First Owens unit opened 10/87. Fy end 4/88.
88 (94)	**Restaurant Associates Industries Inc.** New York, N.Y. Diverse restaurants	220 (197.5*)	11.4	110 (97*)	13.4	Public co. went private in 3/88; management now owns 54%. President Max Pine is now CEO and COO. Mama Leone's reopened in a new location in 4/88.
89 (83)	**Piccadilly Cafeterias Inc.** Baton Rouge, La. Full service (cafeterias)	217.5 (225**)	−3.3	116 (111)	4.5	9 units opened in '87; 12 are expected in '88. Expansion areas include Calif., Ga., Fla. and La. Plans include reinstating breakfast in 4 units as a test. Fy end 6/88.
90 (93)	**Shoney's South Inc.** Memphis, Tenn. Diversified franchisee	211.3 (200)	5.7	254 (241)	5.4	Say goodbye. Shoney's South bought 3/88 by Tennessee-based TPI Restaurants for $123MM: 170 Shoney's, 65 Capt. D's, 9 Hungry Fisherman, 8 Danver's. Not a bad haul.
91 (108)	**Mister Donut of America** Minneapolis, Minn. Franchisor (fast food/doughnuts)	210 (160.8)	30.6	709 (622)	14	Narrow lots, express drive-thrus and kiosks have juiced profits; aggressive radio/TV advertising helped. "Fast-feeder" lines boosted productivity. Fy end 2/88.
92 (64)	**National Medical Enterprises Inc.** Orange, Calif. Health care	210†** (280.5†)	−25.1	578 (563)	2.7	Although nursing homes have been plagued by rising labor costs (NME has more than 400) business at the company's 56 psychiatric hospitals is up 40%.

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93 (240)	**Mrs. Fields Cookies** Park City, Utah Retail (fast food/cookies)	203.2* (58.7*)	246.2	700 (285)	145.6	Multinational cookie empire acquired La Petite Boulangerie and added 170 Mrs. Fields stores in '87; plans another 100 by end of '88. Muffins added diversity to cookie line.
94 (98)	**Chick-fil-A Inc.** Atlanta, Ga. Fast food (chicken)	202.7 (181.4)	11.7	364 (345)	5.5	Atlanta-based chicken outfit with stores in 31 states experienced a repeat of double-digit sales growth. Chain continues mall expansion; will begin building free-standing units.
95 (97)	**Frisch's Restaurants Inc.** Cincinnati, Ohio Diversified franchisee	197.4* (187.6)	5.2	197 (206)	-4.4	Biggest concepts are Big Boy, (174 units as of 12/87) and Roy Rogers (18 units). To open 6 Big Boys in '88. New menu section offers senior/light fare, smaller portions.
96 (79)	**Brock Hotel Corp.** Irving, Texas Diverse foodservice/lodging	192.7 (228.6)	-15.7	321 (316)	1.6	Bought ailing Monterey House chain. ShowBiz used TV ads, coupons to draw families. Hotel div. spruced up restaurants, converted 2 into Denny's. Name changed to Integra 5/88.
97 (118)	**The Circle K Corp.** Phoenix, Ariz. Retail (convenience stores)	190** (144.9*)	31.1	3,600 (3,500)	2.9	Dunkin' Donuts display case has been added to 400 more units. Fresh-baked pizza by the slice is a popular item. Co. will aquire 473 7-Eleven stores for $147 million. Fy end 4/88.
98 (96)	**Wyatt Cafeterias Inc.** Dallas, Texas Full service (cafeterias)	189 (195)	-3.1	119 (120)	-0.8	Co. opened 3 units in '87 and plans 3 more in '88. Southwest is target expansion area. Average check is $4.46.
99 (101)	**F.W. Woolworth Co.** New York, N.Y. Retail (department stores)	187* (175*)	6.9	1,050* (1,070**)	-1.9	Co. continues venture into fast-food world with Burger King units, but bulk of sales still come from traditional lunch counters.
100 (147)	**Ryan's Family Steak Houses Inc.** Greer, S.C. Full service (steakhouses)	185 (105)	76.2	95 (70)	35.7	Older units got 100-seat additions; co. now has new prototype in place. Testing weekend breakfast buffets, ethnic salad bar items. Unit growth will slow to build AUV, down 3%.
101 (102)	**The Krystal Co.** Chattanooga, Tenn. Fast food (hamburgers)	184 (174)	5.7	243 (237)	2.5	Back-to-basics strategy seems to be working: Burger chain says customer counts are up, but won't reveal how much. Krystal Sunriser breakfast sandwich in test.
102 (129)	**Unicare Health Facilities Inc.** Milwaukee, Wis. Health care	182† (126†)	44.4	890 (600)	48.3	Continued standardization of products (including pre-prepared and pre-plated items). Five-week cycle menu is changed twice a year.
103 (82)	**The Ground Round Inc.** South Weymouth, Mass. Franchisor (full service/dinner houses)	181.6 (225**)	-19.3	191 (194)	-1.5	Purchasing, operational changes paying off with higher unit volumes. Bought Midwest Stuart Anderson units from Marriott. Fy end 9/87. PC: Hansen PLC, London.
104 (59)	**PoFolks Inc.** Nashville, Tenn. Diversified franchisee	180 (295.9)	-39.2	164 (313)	-47.6	Co.'s continued losses prompted the sale of its DavCo subsidiary operating 141 Wendy's restaurants. Sale was not enough, however. Co. filed for Chapter 11 reorganization in 1/88.
105 (103)	**Western Steer-Mom'n'Pop's Inc.** Claremont, N.C. Diverse restaurants	179.6 (171)	5	192 (185)	3.8	Western Steer Mom 'n' Pop's sold its Mom & Pop's Country Stores to Kelley and Partners, an investment group led by E.W. Kelley, chairman of Consolidated Products Inc.
106 (99)	**Specialty Restaurants Corp.** Anaheim, Calif. Diverse restaurants	178** (181.1*)	-1.7	73 (68*)	7.4	Specialty opened 5 new restaurants in '87 and reopened a unit closed by fire. In Tampa, Fla., a Castaway unit opened in 5/88. Co. is updating its 94th Aero Squadron concept.

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107 (105)	**Harry M. Stevens Inc.** New York, N.Y. Foodservice management	175 (168)	4.2	37 (35)	2.7	Implementing "orderly walk-through" designs to feed people attending sporting events. More customer self-service. First test of this system implemented at Miami Arena.
108 (119)	**City of New York, Dept. of Procurement** New York, N.Y. Government institutions	175† (143.1††)	22.3	104 (40)	160	This Big Apple department has added 64 senior centers to the list of hospitals and prison facilities for which it purchases. Fy end 6/88.
109 (85)	**U.S. Navy Officer's and Enlisted Club System** Washington, D.C. Military	168.6† (222.4††)	−24.2	261 (256)	2	Healthy and hot are watchwords here: "light alternatives" were introduced, along with Mexican fajitas and Cajun specialties. Mongolian barbecue was a top-selling item.
110 (109)	**California Department of Corrections** Sacramento, Calif. Government institutions	168.6†** (155.9††)	8.1	75 (76)	−1.3	Entire foodservice system is going on computer in '88 to centralize inventory, food costing, warehousing and more. Establishing a fs. training library. Fy end 6/88.
111 (106)	**Los Angeles Unified School District** Los Angeles, Calif. Schools	167.7†** (165.5††)	1.3	574 (572)	0.3	District plans to construct new bulk food-processing plant. Upgrading student outdoor dining areas at older schools. Holiday desserts added to menu. Fy end 6/88.
112 (199)	**ServiceMaster Co., Food Management Division** Minneapolis, Minn. Foodservice management	165 (73.3††)	125.1	235 (105)	123.8	The acquisition of American Food Mgmt. Co. for $35MM-$40MM in 12/86 more than doubled units and sales in '87. The acquired co. was fully intregrated in '87. 12 units closed.
113 (89)	**Bally Manufacturing Corp.** Chicago, Ill. Lodging	164.2* (217.4*)	−24.5	29* (101*)	−71.3	World's largest casino-hotel co. coped well with $1.4 billion debt, defeated takeover attempt by Trump. Bally's Park Place completing 800-room addition.
114 (123)	**Hospital Purchasing Services** Middleville, Mich. Health care	163.8† (135.8††)	20.6	535 (516)	3.7	Purchases for 535 facilities; emphasis in health care but also for schools, colleges and prisons. Financed by member fees. Bulk discounts range from 8% to 10%.
115 (New Member)	**Paragon Restaurant Group Inc.** San Diego, Calif. Diverse restaurants	162 (—)	—	83 (—)	—	Former privately held subsidiary of VICORP changed its name post-LBO, shuffled top mgmt. Acquired 22-unit Rusty Pelican seafood chain for $25.4MM 10/87. Fy end 10/87.
116 (126)	**Hyatt International Corp.** Chicago, Ill. Lodging	160 (127)	26	200** (180**)	11.1	Plans 40 business-oriented hotels in suburbs, smaller cities by early '90s. New back-of-house layout and management in place. $30MM renovation of London hotel.
117 (112)	**A&W Restaurants Inc.** Dearborn, Mich. Franchisor (fast food/varied)	154 (150)	2.7	531 (550)	−3.5	"Real Meal Deal" promo in '87 showed real success, accounting for an increase in sales. Ad budget for '88 is $1.5MM, mostly for direct mail. 33 units planned for '88.
118 (122)	**Harman Management Co.** Los Altos, Calif. Franchisee (fast food/chicken)	153** (140**)	9.3	226 (223)	1.3	The venerable, veteran Kentucky Fried Chicken franchisee reports that customer counts are up. But little else has changed: Will open 2 units in Calif. and 2 in Colo. in '88.
119 (120)	**Club Corp. of America** Dallas, Texas Foodservice management	152.9* (140)	9.2	225 (206)	9.2	This operator of private clubs chose to remain private this year about sales and growth plans. At press time, the search was on for a new f&b director.
120 (107)	**DeNovo Corp.** Utica, Mich. Franchisor (diverse restaurants)	150 (161*)	−6.8	544 (592)	−8.1	Operates 30 Dog 'n Suds, 104 Tastee-Freez stores. Subfranchisor of Mr. Donut. Experimenting with Heritage stores that are open all year and offer diverse menu.

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121 (127)	**Food Dimensions Inc.** San Francisco, Calif. Foodservice management	148.7†* (126†)	18	115 (95)	21.1	Foodservice mgmt. co. added personnel, including VP of sales and mktg. and a director of technical services. Retirement residences are majority of business. Fy end 8/87.
122 (113)	**Brown Derby Inc.** Cleveland, Ohio Franchisor (full service)	148 (148)	—	50 (55)	-9.1	Brown Derby opened 1 unit in '87 but is keeping future plans under its hat. Expansion will be in Midwest, South and Southwest. Fy end 5/88.
123 (95)	**Shakey's Inc.** Irving, Texas Franchisor (full service/pizza)	145.4 (146.9)	-1	364 (386)	-5.7	Turned down a suitor's bid for 80% of co. in 2/87. Buffet concept is going strong with emphasis on non-fried and nutritional items. 10-12 units planned in '88. Fy end 9/87.
124 (116)	**Baltimore Bureau of Purchases** Baltimore, Md. Government institutions	144.2† (145.6†)	-1	135 (130)	3.8	Drop in purchases due to high volume of government subsidies. Purchases may increase next year as a result of USDA mandate to buy American products.
125 (15)	**W.R. Grace Restaurant Group** New York, N.Y. Franchisor	144 (1,243.1*)	-88.4	171 (918*)	-81.4	Will this year be Grace's swan song in foodservice? Co. unloaded 51-unit Applebee's ($59.8MM) to Gourmet Systems. Taco Villa sale fell through, but chain is still on block.
126 (125)	**dăka** Wakefield, Mass. Foodservice management	142.8 (128.9†*)	10.6	347 (311)	11.6	Continued expansion through mergers with smaller local companies. Began decentralization of operations and an increase in local supervision of branches.
127 (New Member)	**Amerinet/ Valuefood Div.** St. Louis, Mo. Health care	140†** (—)	—	500** (—)	—	Purchasing organization grew from 225 member hospitals to more than 500 last year. Makes prime vendor agreements with local distributors.
128 (188)	**Unigate Restaurants Inc.** Dallas, Texas Diverse restaurants	139.5 (79.8)	74.8	176 (118)	49.2	Prufrock owners sold their 44 Black-eyed Peas and Dixie Houses to Unigate in '87. Co. also owns 121 Taco Buenos ($59.7MM), 4 Casa Bonitas ($13.8MM), 7 Crystals ($10MM).
129 (130)	**Navy Resale and Services Support Office** Staten Island, N.Y. Retail	138.9† (125.5†)	10.7	650 (538)	20.8	McDonald's outlets on naval installations have been such a big hit that agency is looking into other fast-food franchises. Croissants, French bread added in cafeterias.
130 (163)	**The Continental Cos.** Miami, Fla. Diversified franchisee	138 (94.5)	46	54 (43*)	25.6	Co. owns, operates: Sheraton, Hilton, Holiday Inn, Radisson, Marriott, Howard Johnson, Hampton Inn, most with foodservice. To add 7 in '88 in Caribbean, Latin America.
131 (153)	**Roma Corp.** Dallas, Texas Franchisor (full service/dinner houses)	136.8* (100**)	36.8	96 (75)	28	Roma Corp. is upgrading older units. Rib delivery strong in U.S. Co. also has units in the Orient, England, Canada, Guam, the Bahamas, Panama and Australia. Fy end 2/88.
132 (124)	**Mr. Gatti's Inc.** Austin, Texas Franchisor (fast food/pizza)	136 (131.2)	3.7	338 (335)	0.9	Plans to expand in existing TV advertising markets. Will reposition marketing of drive-thru, takeout and delivery segments. Introduced two-for-one offer. Fy end 7/87.
133 (170)	**W.B. Johnson Properties Inc.** Atlanta, Ga. Diversified franchisee	134.8 (91.8*)	46.8	125 (129)	-3.1	Rancho Mirage, Ritz-Carlton's "formal resort," to be completed in '88, along with hotels in Phoenix and Dearborn. Plans to expand Waffle House franchises in Southeast.
134 (128)	**State of Oklahoma Central Purchasing** Oklahoma City, Okla. Government institutions	132.3†** (126†)	5	43 (48)	-10.4	Provides purchasing and specification functions for correctional facilities, mental health institutions and dept. of veterans affairs. Dropped 5 units in '87.

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135 (134)	**Carrols Corp.** Syracuse, N.Y. Franchisee (fast food/hamburgers)	130 (120.1)	8.2	141 (138)	2.2	Biggest Burger King franchisee puts all bets in bun basket. Sold all Gyro-Wrap (Greek fast-food concept) and J. Brenner units. Opened 4 BK, sold 1 in '87.
136 (136)	**Caesar's World Inc.** Los Angeles, Calif. Lodging	130 (119)	9.2	34 (34)	0	Solid casino traffic has led to overall revenues increase, which has benefited f&b. No major renovations or theme changes planned for restaurants this year.
137 (135)	**Mazzio's Corp.** Tulsa, Okla. Franchisor (diverse restaurants)	130 (120)	8.3	197 (279)	-29.4	Co. is converting all remaining Scooter's Pizza Delivery stores into Mazzio's Pizza Delivery units. Ad budget for '88: $2.7MM, which includes Great Consumer Giveaway Promo.
138 (138)	**Fuddruckers Inc.** San Antonio, Texas Franchisor (fast food/hamburgers)	130 (118.4)	9.8	116 (105)	10.5	Gourmet burger chain returns from the brink with $88K profit. 9 units closed, 20 opened during '87. Extensive remodeling planned for co. stores. Japan, England target markets.
139 (131)	**Red Lion** Vancouver, Wash. Lodging	128.5 (125)	2.8	113 (73)	54.8	Finding reorganization under master limited partnership to be lucrative. Co. is targeting profitable business market, which puts banquet and restaurant facilities to heavy use.
140 (158)	**Chicago Board of Education, Dept. of Foodservice** Chicago, Ill. Schools	128.2†** (97.1†)	32	585 (591)	-1	Converted 2 dining areas to resemble fast-food operations. Modernized 3 operations. Breakfast promotions increased participation. Testing tamales, gyros. Fy end 6/88.
141 (137)	**Braum Ice Cream & Dairy Stores Co.** Oklahoma City, Okla. Full service (ice cream)	126.8* (118.8*)	6.7	200 (180*)	11.1	Family-owned, 200-unit co. plans to expand in its 3 states of operation (Okla., Kan., Texas). Ice cream mixes (candy, nuts), chicken fillet sandwich added to menu.
142 (132)	**Galardi Group** Newport Beach, Calif. Franchisor (fast food/varied)	125** (123.5)	1.2	340 (331)	2.7	Co. acquired 3 Chelsea's Choice yogurt and muffin shops; plans 2 more in conjunction with existing Weinerschnitzels and Hamburger Stands. Aggressive sale of franchises in '88.
143 (181)	**Days Inns of America Inc.** Atlanta, Ga. Diverse foodservice/lodging	125 (83.2*)	50.2	384 (359*)	7	Launched first national broadcast media ads. Expects to open 180 hotels in '88, 500 hotels in next 5 years. Columbia, Mo., became first Days Inn with Denny's unit located inside.
144 (110)	**Winners Corp.** Brentwood, Tenn. Diversified franchisee	124.7 (152.4)	-18.2	196 (229)	-14.4	Disposition of 11 Mrs. Winner's fast-food chicken restaurants and expenses related to resolving former franchisee lawsuits resulted in '87 revenue drop.
145 (203)	**TCBY Enterprises Inc.** Little Rock, Ark. Franchisor (fast food/yogurt)	121.2 (71)	70.7	822 (458)	79.5	Almost 70% of unit growth in '87 came from existing franchisees. Co. expects 1,200 stores by end of '88. Continuing "All of the Pleasure, None of the Guilt" ad campaign.
146 (146)	**The Wood Co.** Allentown, Pa. Diverse foodservice/management	120.7 (106.8)	13	194 (140)		Enhanced staff with director-level positions in finance, purchasing, training, mktg. and sales. Revenues up with success of takeout, delis and improved customer service.
147 (159)	**Commonwealth of Virginia** Richmond, Va. Government institutions	120.4† (97†)	24.1	83 (83)	0	Building an auxiliary lab on the facility's warehouse site. The lab will enable testing of more products more often, especially non-USDA checked items. Fy end 6/88.
148 (139)	**Kettle Restaurants Inc.** Houston, Texas Franchisor (full service/family dining)	120 (114.8)	4.5	207 (195)	0.2	Kettle built atrium additions onto existing units. Added salad/buffet bars. New units incorporate an atrium with a wood ceiling that cuts HVAC costs. Fy end 10/87.

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149 (149)	**Papa Gino's of America Inc.** Dedham, Mass. Full service (pizza)	120 (104.1)	15.3	200 (180)	11.1	Expanding beyond the New England territory with units planned for Fla. in '88. Sales went up $16MM with 2.4% of sales spent on advertising. Fy end 10/87.
150 (161)	**National Pizza Co.** Pittsburg, Kan. Franchisee (full service/pizza)	120** (96**)	25	290 (245)	18.4	Will increase number of delivery-only units, which use a computerized central order-taking facility. Delivery-only units AUV: $350K vs. restaurant AUV: $475K. Fy end 3/88.
151 (133)	**Walgreen Co., Food Division** Deerfield, Ill. Diverse restaurants	119.3 (121.1)	−1.5	120 (151)	−20.5	Co. continued phase-out of drugstore food counters. Rolled out new Wag's menu and remodeled interiors only to announce plans to sell 87 units in '88. Fy end 8/87.
152 (115)	**Wom Enterprises Inc.** Coral Gables, Fla. Foodservice management	118.7†** (147†)	−19.3	1,140 (44)	2490.9	Added office building services (food and beverage) to its available offerings. Upgraded equipment. Opened 49 in-plant feeding units.
153 (185)	**Sbarro Licensing Corp.** Commack, N.Y. Franchisor (full service/Italian)	117** (81.3*C)	43.9	253 (190)	33.2	Expansion continues with 51 company-owned and 12 franchised stores in '87. Co. will invest $20MM in capital expansion for 60-65 new stores in '88. Customer counts up 1.5%.
154 (111)	**Omni Hotels Corp.** Hampton, N.H. Lodging	116.8 (150.4)	−22.3	80* (92)	−13	Building multipurpose concepts such as Juliette's in Jacksonville, Fla. Continued emphasis on f&b promos (Fête de Bourgogne, Taste the Gold) and nutritional menu items.
155 (140)	**El Chico Corp.** Dallas, Texas Franchisor (full service/dinner houses)	112 (112.6)	−0.5	98 (102)	−3.9	Nashville, Tenn., a hot market, gets second El Chico. Others due in Baton Rouge, La., Rockwell, Texas. Closed poor performers in Houston, Dallas and Okla.
156 (New Member)	**CHE Inc.** Solana Beach, Calif. Full service (dinner houses)	111.1* (—)	—	63 (—)	—	15 Paradise Bakery units acquired in 4/87; 1 new Chart House unit opened in 1/88. Co. will use proceeds from an 8/87 stock offering to pay outstanding debt.
157 (148)	**Del Taco Inc.** Costa Mesa, Calif. Franchisor (fast food/Mexican)	110 (105**)	4.8	200 (186)	7.5	Anwar Soliman strikes again! His American Restaurant Group scooped up Del Taco in 3/88. The units will be merged into Naugles, making it the No. 2 Mexican chain behind Taco Bell.
158 (167)	**RPM Pizza Inc.** Gulfport, Miss. Franchisee (fast food/pizza)	109 (93.5)	16.6	227 (197)	15.2	Domino's franchisee has done moderate restructuring. Operations, formerly handled by 2 people, are now sole responsibility of a senior VP of operations. AUVs up nearly 5%.
159 (144)	**Brown & Portillo Inc.** Lombard, Ill. Franchisor (fast food/chicken)	108.1* (108.1*)	—	158 (158)	0	Brown's Chicken successful catering enterprise kept sales steady. Store remodeling continues; moving toward lighter, brighter look. Plan is to expand into Fla. market in '88.
160 (190)	**Humana Inc.** Louisville, Ky. Health care	106.4† (78.2†*)	36.1	86 (87)	−1.1	Reaping benefits from "vertical" strategy; almost 10% of patient days came from group health insurance policyholders. Recently bought 2 of Maxicare's HMOs.
161 (145)	**J.B.'s Restaurants Inc.** Salt Lake City, Utah Diverse restaurants	105.5 (107.2)	−1.6	110 (121)	−9.1	Co. quit Big Boy chain, plans to operate in core Southwest market under own name. Revamped management. Sold poor performers, bakery, meat plant, satellite commissary. Fy end 9/87.
162 (154)	**Illinois Department of Central Management Services** Springfield, Ill. Government institutions	105.2†** (99.8†)	5.4	86 (86)	0	State plans to change computer programming system in effort to speed up ordering and delivery, which will allow individual units to make last-minute menu changes.

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163 (156)	**Rodeway Inns International Inc.** Phoenix, Ariz. Lodging	105 (99*)	6.1	159 (152)	4.6	Plans to go national in 3-5 years. New design features breakfast bar/atrium/conference room unit. Aggressive telemarketing targeted to small groups. New reservations system.
164 (152)	**Taco John's International** Cheyenne, Wyo. Franchisor (fast food/Mexican)	102.6 (100)	2.6	420 (403)	4.2	Real growth hit 2.6% Co. predicts 20% annual growth rate for next 3-4 years. New-unit AUVs tend to exceed older stores by 5%. Major thrust is in secondary cities, small towns.
165 (New Member)	**Franchise Associates Inc.** South Weymouth, Mass. Franchisor (full service/family dining)	102** (—)	—	141 (—)	—	Management and marketing co. is owned and operated by Howard Johnson restaurant franchisees, retains exclusive franchise rights to HoJo restaurants. Fy end 4/88.
166 (165)	**Astor Restaurant Group Inc.** New York, N.Y. Franchisor (fast food/subs)	101.8** (94**)	8.3	300 (265)	13.2	Operator of 298 Blimpies and 2 Border Cafes is heading for stronger advertising and promotion endeavors. Blimpie expansion includes more free-standing units with drive-thrus.
167 (175)	**RTM Inc.** Tucker, Ga. Franchisee (fast food/roast beef)	100 (90)	11.1	177 (143)	23.8	RTM on high RPMs in '87 as Arby's franchisee added 34 units. Plans 35 in '88. Interest in sites spread from Sun Belt, Midwest to all across the land. Fy end 5/88.
168 (166)	**Trusthouse Forte Food Services Inc.** Trumbull, Conn. Foodservice management	100 (93.8†)	6.6	321 (280)	14.6	Co. is setting the chart for the future with increased college recruitment, improved management training and employee recognition. PC: Trusthouse Forte PLC. Fy end 4/88.
169 (173)	**Consolidated Products Inc.** Indianapolis, Ind. Franchisor (diverse restaurants)	99.3 (90.7)	9.5	122 (107)	14	Operates Steak n Shake, Snak's Park Avenue, Jeremiah Sweeney's, Carlos Sweeney's, Charley Horse, Wheel Works, Big Wheel, Gold Rush, Santini's Italian Cafe. Fy end 9/87.
170 (157)	**Pioneer Take Out Corp.** Los Angeles, Calif. Franchisor (fast food/chicken)	98.2** (98)	0.2	252 (290)	-13.1	Despite Chapter 11 bankruptcy proceedings, expansion in existing markets and development of new mini-units is planned. Co. is subsidiary of Transpacific Industries.
171 (171)	**Metropolitan Chicago Healthcare Council** Chicago, Ill. Health care	98† (91†)	7.7	100 (102)	-2	85% of all purchases by 100 member organizations (96 hospitals, 4 nursing homes) were contracted through committee and committed upfront.
172 (160)	**Druther's International Inc.** Louisville, Ky. Franchisor (fast food/hamburgers)	96.2 (96.9)	-0.7	162 (155)	4.5	9 units opened, 2 closed last year. Operates 3 Fresher Cookers. Co. mum on new products, promos. This year marks 25th anniversary of original Burger Queen. Fy end 10/87.
173 (172)	**State of California Dept. of Rehabilitation** Sacramento, Calif. Government institutions	95.2† (90.9†)	4.7	278 (275)	1.1	Began development of statewide vending machine service in roadside rest areas off public highways that are maintained by State Transportation Dept.
174 (270)	**State of Wisconsin** Madison, Wis. Government institutions	95.2† (50.4†**)	88.9	46 (39)	17.9	New administration in '87 reviewed current operating procedures and established a food survey committee. Looking into installing computerized purchasing.
175 (143)	**Jamco Ltd./Mr. Steak** Littleton, Colo. Franchisor (full service/steakhouses)	95 (111.1)	-14.5	146 (175)	-16.6	Mr. Steak's parent co., Jamco Ltd., filed for Chapter 11 bankruptcy in 10/87. Formed a marketing co-op that will handle ads and marketing as part of its reorganization.
176 (164)	**Skipper's Inc.** Bellevue, Wash. Franchisor (fast food/seafood)	95 (94)	1.1	219 (206)	6.3	'88 a back-to-basics, rebuilding year. Will avoid distractions by focusing on existing units, products. Budgeted extra $400K to improve repairs and maintenance system.

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177 (174)	**Lyon's Restaurants Inc.** Foster City, Calif. Full service (family dining)	92** (90.1)	2.1	61 (61)	0	Sara Lee Corp.'s Lyon's Restaurants Inc. is in the midst of an aggressive remodeling program. Co. remodeled 12-15 units in '87. Fy end 7/88.
178 (82)	**Food Concepts Inc.** Rutherford, N.J. Foodservice management	90* (225†)	–60	720 (633)	13.7	Owned by Hawley Group, which, in early '88, bought ADT Security; new name is Food Concepts Inc./ADT Co. There have been many changes in top management.
179 (176)	**Fosters Freeze International** Arroyo Grande, Calif. Franchisor (fast food/ice cream)	90 (89)	1.1	194 (210)	–7.6	Co. to spend $5MM for growth, incl. 3 units in Ariz., 15 in Calif. Customer counts up 20% in '87. New standardized building and decor. Adding pre-made salads, fish items.
180 (168)	**International King's Table Inc.** Eugene, Ore. Full service (cafeterias)	90 (93)	–3.2	90 (81)	11.1	Purchased by Horn & Hardart in early '88. Accelerated restaurant openings with 5 new units in second half fiscal '87 and 4 slated for first half fiscal '88. Fy end 6/88.
181 (207)	**Franchise Enterprises Inc.** Rocky Mount, N.C. Franchisee (fast food/hamburgers)	90 (70)	28.6	123 (95)	29.5	Big-little news: Hardee's franchisee added 32 units in '87, annexed territory in La., Texas and Okla. Co. will implement new smaller unit in '88. Fy end 3/88.
182 (180)	**Servico Management Corp.** West Palm Beach, Fla. Diversified franchisee	89.3 (85)	5.1	60 (55)	9.1	Co. owns luxury Royce hotels, manages Holiday Inns, Sheratons, Hiltons, which have 60 restaurants in all, with different names, different menu concepts, prices.
183 (200)	**U.S. Dept. of Justice, Federal Prison System** Washington, D.C. Government institutions	88.2† (72.8†)	21.2	47 (47)	0	System hired dietitian as part of push toward more healthful menus; hopes to dish out less fried food and heavy starches, more stir-fry. Vegetarian items are offered, too.
184 (195)	**MHM Inc.** Dallas, Texas Diversified franchisee	87.5** (75)	16.7	60 (60)	0	Co. has 70 hotels, 17 different brands. '88 will bring very little new development, but MHM will acquire as many as 15 new "take backs" due to bankruptcies.
185 (177)	**Trans/Pacific Restaurants Inc.** Irvine, Calif. Diversified franchisee	86.9 (86.2)	0.8	54 (53)	1.9	In year following LBO headed by Pres. Ronald Higgins, opened Blue Cactus Southwestern concept in 3/88 in Torrance, Calif. Monterey Bay Canners testing pasta. Fy end 3/88.
186 (155)	**Adventist Health System** Shawnee Mission, Kan. Health care	86.5† (74.8†[R])	15.6	143 (118)	21.2	Further implementation of national food purchasing contract with prime vendor, regional contracts. More cafeteria and catering functions. Fewer patient meals.
187 (178)	**Loews Hotels** New York, N.Y. Lodging	86.2 (85.6)	0.7	74 (74)	0	Final phase of $16MM renovation of New York's Regency Hotel will be new restaurant called 540 Park. Co. introduced Loews First, a frequent-traveler program.
188 (162)	**AIRCOA** Englewood, Colo. Diversified franchisee	86 (95.2*)	–9.7	121 (102*)	18.5	Tooting its Clarion Collection upscale hotel concept. Co. says thumbs down on building, but up on acquiring. Focus: new mgmt. contracts. In market for 12-unit chain in Canada.
189 (214)	**Interstate Hotels Corp.** Pittsburgh, Pa. Diversified franchisee	85.5 (68)	25.7	103 (87)	18.4	Operator of Hilton, Sheraton and other luxury properties opened 4 hotels in '87, also renovated f&b facilities. In '88, co. will acquire 3 and build 3 hotels.
190 (186)	**Red Robin International** Irvine, Calif. Franchisor (full service/dinner houses)	85 (81)	4.9	47 (47)	0	17 company-owned units, 26 franchised units and a respectable AUV of $1.8MM. Red Robin opened 8 units in '87; 8 are planned for '88. Executive level restructured in '87.

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191 (187)	**Swensen's Ice Cream Co.** Phoenix, Ariz. Franchisor (full service/family dining)	84.4* (80**)	5.5	356* (350)	1.7	340-outlet Swensen's sold to much smaller Steve's (30 stores). Patrick Doughty stepped down as pres. and chairman; Swensen's VP Gary Stevens will stand in pro tem.
192 (134)	**Forte Hotels International** El Cajon, Calif. Lodging	83.8* (170)	−50.7	83* (440)	−81.1	Forte has 404 Travelodges, 12 Viscounts and 4 hotels in its Exclusive division. Coming in '88: 1 Viscount in Niagara Falls, N.Y., plus at least 14 Travelodges.
193 (213)	**Cracker Barrel Old Country Store Inc.** Lebanon, Tenn. Full service (family dining)	83 (68)	22.1	53 (47)	12.8	Co. opened 6 units in '87 and will open 8 more in '88. Sales are up due to new units and increased same-unit sales. Focus is on market selection.
194 (212)	**Pizza Management Inc.** San Antonio, Texas Diversified franchisee	81 (68.2)	18.8	193 (172)	12.2	Delivery-only Pizza Hut units, which have more than doubled from 14 to 30, have spearheaded the jump in sales. Co. also operates 9 Taco Bells and 1 Cuban restaurant. Fy end 7/87.
195 (313)	**Restaurants Unlimited Inc.** Seattle, Wash. Diverse restaurants	80 (41)	95.1	74 (18)	311.1	Fast-food Cinnabon concept bolstered staff for expansion push—42 units in '88. Full-service restaurants will grow moderately with just 3 new units to ensure high-quality execution.
196 (193)	**Benihana of Tokyo Inc.** Miami, Fla. Full service (Japanese)	79.6 (75)	6.1	48 (46)	4.3	Benihana's testing a double steak portion, planning to add a steak and prawn entree. 1 unit opened in '87; 2 will open in '88. More regional supervision coming.
197 (211)	**Bill Knapp's Michigan Inc.** Battle Creek, Mich. Full service (family dining)	78.5* (69.6*)	12.8	67 (62*)	8.1	Chicken, fish and steak items that were tested in Ill. restaurants proved successful enough for the co. to plan to add them to menus system-wide in '88.
198 (235)	**Lettuce Entertain You Enterprises Inc.** Chicago, Ill. Diverse restaurants	78.5 (60**)	30.8	31 (32)	−3.1	Restaurant King Rich Melman keeps expanding his kingdom; he added 3 units in '87 and plans 3 more for '88. Management contracts now outnumber company-owned stores.
199 (205)	**Dayton Hudson Department Store Co.** Minneapolis, Minn. Retail	78** (70)	11.4	339 (299)	13.4	Co.'s Marketplace concept selling prepared foods saw great sales growth in '87. Calorie counts on menus in sit-down restaurants a popular addition. Fy end 1/88.
200 (New Member)	**Six Flags Corp.** Arlington, Texas Recreation	78 (—)	—	350 (—)	—	This former Bally Mfg Corp. subsidiary, was sold early '87. 7 theme parks have range of fs., from full-service restaurants to portable carts. New food court opening in '88 at Texas park.
201 (189)	**HRI-Purchase Connection** Los Angeles, Calif. Health care	77.3† (78.4†)	−1.4	159 (162)	−1.9	Added 10 facilities, including acute-care hospitals, extended-care facilities and elderly feeding. Instituted new cost per patient analysis in '87.
202 (151)	**Guest Services Inc.** Fairfax, Va. Foodservice management	77.3† (100)	−22.7	147 (122)	20.5	Discontinued operation of its Mr. Gatti's pizza franchise (5 units). Will continue to emphasize feeding in health care, schools, B&I and museums.
203 (192)	**The Mariner Corp.** Houston, Texas Diversified franchisee	77.3 (75.4)	2.5	104 (104)	0	Operator of Sheraton, Marriott and others sold 3 hotels and acquired 3 in '87. Co. plans to increase acquisitions in coming months and move into Ariz. market.
204 (202)	**Resorts International Inc.** North Miami, Fla. Diverse foodservice/lodging	77* (72*)	6.9	24* (24*)	0	Donald Trump sold controlling stock to Merv Griffin. Opening of Taj Majal casino in Atlantic City, N.J., now postponed until sometime this summer.

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205 (194)	**Elby's Restaurants Inc.** Wheeling, W.Va. Diverse restaurants	77 (75)	2.7	72 (74)	-2.7	Stronger marketing emphasis on children in menu of Elby's family restaurants (11 franchised, rest company-owned). For '88: 2 units in Va., a new area. Fy end 3/88.
206 (216)	**Cainy Inc.** San Mateo, Calif. Diversified franchisee	77 (67.8)	13.6	135 (158)	-14.6	Co.'s hit-and-miss efforts to solve internal management problems proved too much for franchisor, Taco Bell. PepsiCo finally acquired its largest franchisee in late '87.
207 (230)	**Famous Restaurants Inc.** Scottsdale, Ariz. Full service (dinner houses)	76.2 (60)	27	42 (38)	10.5	Sales reflect $5MM franchisee sales. Stores in single-unit markets proved too expensive to support. Bought back Alaska franchise, closed Los Angeles store and 3 Midwest operations.
208 (201)	**Princess Hotels International** New York, N.Y. Lodging	75.7* (72.8*)	4	33 (34)	-2.9	At Scottsdale, Ariz., Princess, co.'s first U.S. resort, 4 restaurants entice both guests and locals. Switched from partials to full-page print ads for individual hotels.
209 (197)	**Consul Restaurant Corp.** Minneapolis, Minn. Franchisee (full service/Mexican)	75 (74)**	1.4	36 (38)	-5.3	Mature (4-year-old) Chi-Chi's get face lift. Co. happy with new Chi-Chi's and Chi-Chi's EL Prontos in food courts: start-up costs low, returns high. Fy end 5/88.
210 (224)	**Original Great American Chocolate Chip Cookie Co.** Atlanta, Ga. Franchisor (fast food/cookies)	75* (63.1*)	18.9	375 (406)	-7.6	Co. divulges no information, but sweets market continues to be hot. Chain's growth keeps pace with this trend.
211 (219)	**McFaddin Ventures** Houston, Texas Full service (diverse restaurants)	74.3* (66.7)	11.4	37 (46)	-19.6	This successful nightclub operator (Studebakers, Confetti, etc.) is looking carefully at specific markets, converting some units to its R'n'R concept.
212 (117)	**Prime Motor Inns** Fairfield, N.J. Lodging	74 (145*)	-49	70 (271*)	-74.2	Conversion of HoJo restaurant to Herbie K's, a diner concept, quadrupled sales in Cocoa Beach, Fla. Carlyle's Restaurants grew, too. Using internal cash flow to expand.
213 (279)	**New Jersey Dept. of Corrections** Trenton, N.J. Government institutions	73.9†** (47.6†**)	55.3	45 (17)	164.7	A computerized food management information system implemented in '87. Fish nuggets and chicken cutlets were added to menus. Vegetarian entrees being tested. Fy end 6/88.
214 (228)	**Universal Services Inc. International** Seattle, Wash. Foodservice management	73.5* (61)	20.5	211* (211)	0	This offshore and support services company was purchased last year by Seattle-based International Catering Enterprises Inc.
215 (210)	**Convenient Food Marts** Rosemont, Ill. Retail (convenience stores)	72.5* (69.7**)	4	1,310* (1,306)	0.3	10 test stores are featuring a fresh-baked muffin program. Co. acquired the 55-unit Minit Mart Quick Shop chain, based in Vancouver, Wash.
216 (New Member)	**National Heritage Corp.** Dallas, Texas Health care	71.1† (—)	—	231 (—)	—	Co. is fourth-largest operator of nursing homes and retirement facilities. Foodservice is controlled by 5 regional divisions. PC: Southmark Corp.
217 (204)	**The Happy Steak Inc.** Fresno, Calif. Franchisor (diverse restaurants)	70.9** (70.9**)	—	95 (102)	-6.9	Happy Steaks are being converted to Brook-Hill restaurants on a regular basis. The conversion is an upgrade of image and decor. Co. is testing senior discounts.
218 (196)	**The Marcus Corp.** Milwaukee, Wis. Diverse foodservice/lodging	70.7* (74.7)	-5.4	109* (116)	-6	Midwest Big Boy franchisee (also operates other restaurant concepts, motor inns and movie theaters) suing Marriott over transfer of BB franchising rights to Elias Brothers.

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219 (184)	**Associated Hosts Inc.** Beverly Hills, Calif. Diverse restaurants	70.2** (81.5)	−13.9	60 (54)	11.1	AH spent $500K renovating its Beverly Hillcrest Hotel and reported a positive profit turnaround in '87. Sales fig. excludes sales from discontinued operations. Fy end 9/87.
220 (218)	**Summa Corp.** Las Vegas, Nev. Lodging	70.2* (66.9*)	4.9	48* (48*)	0	Co.'s last year in "400." Completed sale of all hotel properties in early '88. Bally Grand bought 756-room Sands, sold it to Sheldon Adelson, the computer-trade show pioneer.
221 (182)	**Professional Food-Service Management Inc.** Northbrook, Ill. Foodservice management	70 (82.8†*)	−15.5	132 (105)	25.7	Customer counts down 4% for co., which targets fs. on college campuses and in summer camps. One strategy for '88: improving computerized recipe system. Fy end 8/87.
222 (208)	**New York State Office of Mental Health** Albany, N.Y. Government institutions	70†** (70†)	—	32 (32)	0	Centralized cook/chill production facility is in design phase. Computerized food ordering system to be ready in early '88 and implemented throughout year.
223 (205)	**C.A. Muer Corp.** Detroit, Mich. Diverse restaurants	70 (70)	—	14 (31)	−54.8	Say goodbye to Muer's 9-unit dinner house division, sold in '87, but say hello to the 2-4 new units slated for '88 openings. Fla. will be Muer's hot growth region.
224 (217)	**Taco Time International Inc.** Eugene, Ore. Franchisor (fast food/Mexican)	70 (67)	4.5	264 (223)	18.4	Family-owned chain restructuring following departure of sibling Joe Fraedrick. Will hire mktg. dir., look to foreign expansion. Created video training program. Fy end 9/87.
225 (226)	**Sybra Inc.** Dunwoody, Ga. Franchisee (fast food/sandwiches)	69.2 (62)	11.6	115 (104)	10.6	Arby's franchisee will spend $10MM for capital expansion this year. 21 units targeted for cities in Texas, Md., Va., Pa. and the Midwest. AUV increased to $648K from $640K.
226 (215)	**Sonny's Real Pit Bar-B-Q Inc.** Gainesville, Fla. Franchisor (full service/barbecue)	68* (68)	—	75 (79)	−5.1	Sonny's is being very careful with site selection. Built 9 new units in '87, closed 4. Plans 4-6 new units in the Southeast for '88. Promoting 20th anniversary in May.
227 (253)	**Forbco Management Corp.** Long Beach, Calif. Franchisee (full service/steakhouses)	67.5 (55)	22.7	34 (31)	9.7	Sizzler franchisee opened only 1 unit in '87. Concentrated on remodeling all stores. Decor is now lighter, brighter. Pasta and salad bars will be built bigger and longer.
228 (276)	**Harcourt Brace Jovanovich Co.** Orlando, Fla. Recreation	66.3 (48.7)	36.1	73 (58)	25.9	Sea World operator is riding the waves of success with the addition of 15 units in '87 and 15 more due for '88. Sea World of Texas in San Antonio was christened in 4/88.
229 (221)	**North Central Food Systems Inc.** Minneapolis, Minn. Franchisee (fast food/hamburgers)	66 (65)	1.5	75 (65)	15.4	Hardee's franchisee in 8 North Central states acquired 2, built 3 units in '87. To build 5 in '88. Expand in Wyo. and Mont. 3 regional headquarters consolidated to 2. Fy end 9/87.
230 (273)	**Theo H. Davies & Co. Ltd.** Honolulu, Hawaii Diversified franchisee	66** (50**)	32	66 (40)	65	Mercedes Benz & Caterpillar dealer operates Taco Bells and Pizza Huts in one of the most competitive markets. Hawaii is No. 1 on index for dual-income families and working women.
231 (225)	**May Department Stores** St. Louis, Mo. Retail	65.8* (62.7*)	4.9	394** (375**)	5.1	Company still owns Venture and Famous-Barr retail discount stores, both of which feature casual cafeteria concept.
232 (243)	**Twenty-First Century Corp.** Englewood, N.J. Franchisee (fast food/hamburgers)	65* (58*)	12.1	36* (35)	2.9	McD's franchisee operates in N.Y. and N.J.. We've heard they're remodeling older units; heard they opened new 1 in '87. But we didn't hear that (or anything) from them.

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233 (274)	**Fairmont Hotel Co.** San Francisco, Calif. Lodging	65 (50*)	30	21 (29*)	−27.6	New Chicago hotel houses casual Italian and formal French restaurants, plus a supper club. New San Jose, Calif., hotel shows Oriental influence. '88 will be year of consolidation.
234 (223)	**The Jan Cos.** Cranston, R.I. Diversified franchisee	64.7 (60)	7.8	62 (60)	3.3	BK franchisee runs other fast-food concepts: Acorns, Hungry's and 1 country club. In '88 will diversify into other franchises, also dual concepts under 1 roof. Fy end 9/87.
235 (191)	**K-Bob's Steak Houses Inc.** Dallas, Texas Franchisor (full service/steakhouses)	64.5 (77)	−16.2	85 (96)	−11.5	A rough year for K-Bob's. Co. closed 10 units; systemwide f&b sales dropped $12.5MM. Co. added more Mexican items in '87. Testing hot food bar. Fy end 6/88.
236 (231)	**Magic Pan** San Francisco, Calif. Full service (dinner houses)	64 (60)	6.7	58 (64)	−9.4	Co. closed 8 units but opened 2 new ones in '87. '88 will bring 8 new units. Co. also operates Frogg Lane, Pucks, T. Bones and Laredo's. Fy end 6/88.
237 (183)	**TrettCo Inc.** Farmington Hills, Mich. Foodservice management	63.4† (82.5†)	−23.2	86 (110)	−21.8	Operator of HDS Services and Triplett Services spun off the Canadian div. of HDS to focus on more lucrative markets in U.S., especially in the Sun Belt. Computerization now complete.
238 (227)	**U.S. Restaurants Inc.** Norristown, Pa. Diversified franchisee	63.2 (62**)	1.9	53 (51)	3.9	Ponderosa and BK franchisee added 1 of each in '87. Will open 1 BK, 3 Ponderosas in '88. Remodeling continuous. Testing pizza for BK, broiled trout for Ponderosa. Fy end 6/88.
239 (255)	**New York City Health and Hospitals Corp.** New York, N.Y. Health care	63† (53.8†)	17.1	16 (16)	0	Continues to look at further computerization within the system. Serving more poultry and fish items, though fried chicken still popular.
240 (236)	**State of Rhode Island Purchasing Div.** Providence, R.I. Government institutions	62.9†** (59.9†**)	5	294** (294**)	0	Purchasing for schools, colleges, hospitals, prisons and mental health facilities. Plans are to implement a computerized purchasing system in '88.
241 (229)	**Buehler-Ruckriegel Inc.** Jasper, Ind. Diversified franchisee	62.5 (60.3)	3.6	117 (112)	4.5	Polishing Long John Silver's by remodeling all 90 fast-food units. Co. also franchises Grandy's, Jerry's, Wendy's in Central Ind.
242 (241)	**Trefz Corp.** Bridgeport, Conn. Franchisee (fast food/hamburgers)	62.3* (58.2*)	7	43 (43*)	0	A summary of what we know about Trefz: That's a family name; this McD's franchisee did not open new units in '87; but, since McD's had a very good year, so did Trefz.
243 (150)	**Veterans Canteen Service** Washington, D.C. Health care	62.2† (104†)	−40.2	172 (175)	−1.7	Operates full-service cafeterias, fast food and vending in 172 Veterans Administration medical centers. In '87, remodeled 9 cafeterias, promoted deli sandwich shops.
244 (246)	**Eat'N Park Restaurants Inc.** Pittsburgh, Pa. Full service (family dining)	61 (56)	8.9	46 (45)	2.2	Customer counts are up 5.4%. AUVs increased to $1.3MM from $1.2MM in '86, and sales are up $5MM. In all, '87 was a sound year. Remodeling for in-store bakeries continues.
245 (237)	**Rusty Pelican Restaurants Inc.** Irvine, Calif. Full service (dinner houses)	60.2 (59.8)	0.7	21 (19)	10.5	Co. purchased by Paragon Restaurant Group Inc. in 11/87. 2 units opened in '87 (Glendale, Calif., and suburban Chicago); 2 coming in '88. Fy end 8/87.
246 (339)	**David's Specialty Foods** New York, N.Y. Franchisor (fast food/varied)	60* (36.5*)	64.4	400 (200**)	100	400 units include 150 David's Cookies franchises and 250 David's bake-off units in retail, department and grocery stores. Co. sells cookie dough in 2,000 retail outlets.

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247 (266)	**Pizza Hut of Titusville Inc.** Wichita, Kan. Franchisee (full service/pizza)	59.7 (50.6)	18	98 (92)	6.5	The success of delivery-only units is driving up profits in Fla.-based stores. 5 such units now account for $13.3MM (AUV $266K). This year's expansion plans call for 8 new units.
248 (245)	**Helmsley Hotels** New York, N.Y. Lodging	59.3* (56.5*)	5	66* (66)	0	Indictments on tax evasion charges could interfere with management of $5 billion empire. Flagship Helmsley Palace filled only 65% of beds, but high rates kept profits up.
249 (New Member)	**Buffets Inc.** Eden Prairie., Minn. Full service (cafeterias)	58.3C (—)	—	36 (—)	—	Customer counts increased 104% from '86. 13 units opened in '87, with 20 more planned for '88. Expansion will be in Southeast and Midwest. Free Flurry ice cream a solid promo.
250 (242)	**Del E. Webb Hotels** Phoenix, Ariz. Lodging	58* (58*)	—	22 (22)	0	All 3 casino/hotels up for sale. King's Court (3 fast-food franchises) opened in Del Webb's Mint hotel, where upscale Italian concept is also a smash with customers.
251 (310)	**Houston's Restaurants** Atlanta, Ga. Full service (dinner houses)	58** (42*)	38.1	16 (15)	6.7	Co. opened in Kansas City, Mo., in '87 and opened its third Houston's in Houston in 4/88. Later this year a third Atlanta unit will open; Phoenix, Ariz., market is next.
252 (282)	**Restaurant Management Co.** Wichita, Kan. Diversified franchisee	57.7* (47.4*)	21.7	110 (88)	25	Diversified franchisee is strong, silent type. Strong on sales, silent on info about 56 Pizza Huts, 24 Grandy's and 29 Long John Silver's. Switched from fiscal year to calendar year.
253 (249)	**Lifestyle Restaurants Inc.** New York, N.Y. Diverse restaurants	57 (55.9)	2	49 (51)	-3.9	Operator of 49 Beefsteak Charlie's was acquired by Bombay Palace Restaurants in 9/87. '88 will bring expansion of franchise division and 2 new company-owned units.
254 (235)	**Rocky Rococo** Madison, Wis. Franchisor (full service/pizza)	57 (60)	-5	121 (114)	6.1	Co. bought by execs of Public Storage Corp. in '87. Founders continue as franchisees in Madison, Wis. Pizza by the slice accounts for 64% of sales; drive-thrus help. Fy end 3/88.
255 (222)	**American Medical International Inc.** Beverly Hills, Calif. Health care	56.4†* (64.2*)	-12.1	90 (122)	-26.2	To combat the effects of DRGs, implemented corporatewide "AMI Change" program to enhance patient care while controlling costs.
256 (263)	**Atlanta Family Restaurants Inc.** Atlanta, Ga. Diversified franchisee	56.3 (51)	10.4	45 (39)	15.4	Year of expansion pays off for franchisee of Shoney's, Village Inn Pizza. Added 6 Shoney's in '87. New territory for 6 new Shoney's in '88: greater Atlanta area.
257 (169)	**The Registry Hotel Corp.** Dallas, Texas Lodging	56 (92.6)	-39.5	45 (61)	-26.2	Bought 5 hotels in Fla., Texas, Calif., sold 2. Looking to pick up luxury properties, make them turn a profit. Restaurants switching from continental to regional American cuisine.
258 (238)	**North Carolina Department of Administration** Raleigh, N.C. Government institutions	56†** (58.8†**)	-4.8	24 (25)	-4	Children's hospital sold to Duke University. New central warehouse for Dept. of Corrections. Centralization for other areas possible in '88.
259 (253)	**Bobby McGee's USA Inc.** Phoenix, Ariz. Full service (dinner houses)	56** (55**)	1.8	20 (22)	-9.1	No new company-owned units slated for '88 but 2 will open in '89. A new franchisee will open 5 units in Australia and New Zealand in 8 years. Best seller? Prime rib. Fy end 6/88.
260 (259)	**Wendy's Food Systems Inc.** Akron, Ohio Franchisee (fast food/hamburgers)	56 (52)	7.7	81 (80)	1.3	Large Wendy's Midwest franchisee closed 3 units, opened 1 in '87. Plans to open 2 in '88. Annual remodeling of older units continues. AUV: $700K.

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261 (247)	**Dept. of Public Welfare-Commonwealth of Pa.** Harrisburg, Pa. Government institutions	56†** (56†**)	0	33 (36)	−8.3	This branch of Pa. government services mental health facilities, hospitals and youth development centers. Fy end 6/88.
262 (284)	**Ohio Dept. of Rehabilitation & Correction** Columbus, Ohio Government institutions	55.7† (46†)	21.1	17 (20)	−15	Purchases only for correctional facilities. Now buys from central warehouse. Opened 2 more operations in '87; plans to open 4 new facilities in '88.
263 (332)	**The Levy Restaurants** Chicago, Ill. Diverse restaurants	55 (38)	44.7	30 (27)	11.1	Levy opened a beautiful Chicago bistro, Bistro 110, in '87, plus a deli and a bagel bakery. 5 units will open in '88: 3 in Chicago, 2 at Disney World.
264 (179)	**Doubletree Inc.** Phoenix, Ariz. Lodging	55 (85)	−35.3	70 (40[B])	75	Started CARE, a service program to boost awareness of customers, employees. Wants to refine f&b, not create new concepts. Southwestern, Pritikin menus are hits.
265 (297)	**Ohio State Dept. of Mental Health** Columbus, Ohio Government institutions	54.9† (44.8†)	22.5	80 (50)	60	Purchases for correctional and mental health facilities, as well as mental retardation, youth and aging services. Opened 4 prisons in '87.
266 (257)	**Houston Independent School District** Houston, Texas Schools	54.6†** (53†**)	3	225 (226)	−0.4	Management reorganizing training system to accomplish uniformity throughout the district. Considering lighter menu items to satisfy parents. Fy end 8/88.
267 (265)	**Seafood Broiler Restaurants** Lakewood, Calif. Full service (dinner houses)	54.4 (51)	6.7	28 (24)	16.7	Selling all 28 units to General Mills; will be converted to Red Lobsters. Restaurants' staffs will be retained. Corporate offices will move to Orlando, Fla.
268 (239)	**Sea Galley Stores Inc.** Mountlake Terrace, Wash. Full service (dinner houses)	54 (58.7)	−8	50 (49)	2	Customer counts off 2.8% but returned to profitability for first time since '83. Shift to consumer-driven system, keeping ear to the ground, ready to cater to consumer desires.
269 (301)	**Pancho's Mexican Buffet Inc.** Fort Worth, Texas Diverse restaurants	54 (43.1)	25.3	56 (42)	33.3	Business hopping like jumping beans. Sales are 25% above last year. Thanks to accelerated expansion program, predicted bottom-line growth of 25% seems on target. Fy end 9/87.
270 (287)	**U.S. Army Medical Department** Falls Church, Va. Government institutions	53.5† (45.1†)	18.6	51 (51)	0	Computer system for foodservice management and nutrition analysis was introduced in 2 hospitals in '87, will expand to others in '88. Breakfast bar is being pushed.
271 (269)	**State of Connecticut, Purchasing Dept.** Middletown, Conn. Government institutions	52.9†** (50.4†**)	5	200 (200**)	0	Majority of purchasing done for group homes, schools, prisons and mental health units. Changes in raw material usage at meat processing plant cut costs.
272 (251)	**Uno Restaurant Corp.** West Roxbury, Mass. Franchisor (full service/pizza)	52.3 (55)	−4.9	41 (35)	17.1	Owner of Pizzeria Uno chain went public in 6/87, ending the year as the 10th best performing initial public offering. Plans to add 12 units in '88. Fy end 9/87.
273 (277)	**Triton Investment Co. Inc.** Greensboro, N.C. Franchisee (fast food/hamburgers)	52.2* (48.6*)	7.4	36* (36*)	0	Triton is polite, but won't sound its horn about sales, units, plans. But we assume this franchisee is following McDonald's lead and boosting same-store sales each year.
274 (261)	**McCrory Stores** York, Pa. Retail	52** (52**)	—	327 (325)	0.6	Co. wants to become a franchisee of regionally and nationally known chains. Has added a cold and hot food bar and Mexican bar to some units. Fy end 1/88.

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275 (275)	**Palm Management Co.** New York, N.Y. Diverse restaurants	51.2 (49.5**)	3.4	11 (11)	0	Palm Reading: Co. had a good year (sales up 3%) and is looking at Atlanta, Philadelphia and Boston for expansion. Lunch checks average $35; dinner checks, $65.
276 (283)	**Valley Food Service Corp.** Jackson, Miss. Foodservice management	51† (47.2†)	8.1	105 (97)	8.2	Co. purchased Canteen of Miss. in '87. Emphasis on customer service resulted in long-term contracts with existing clients and new accounts. Expanded into Texas and N.C.
277 (259)	**Dade County Schools** Miami, Fla. Schools	50.9†** (52†)	−2.1	288 (281)	2.5	Enhancing breakfast programs in '88 with hopes of doubling participation to 60,000 a day. Instituted a la carte programs at secondary schools in '87. Fy end 6/88.
278 (304)	**FMS Management Systems Inc.** North Miami Beach, Fla. Franchisee (full service/family dining)	50.6 (43**)	17.7	89 (86)	3.5	FMS wears two hats: franchisee and franchisor of IHOP. 41 units company-owned, 48 franchised. Will stay in Fla., continue expanding dinner food. Added appetizers.
279 (278)	**Sanese Services Inc.** Columbus, Ohio Foodservice management	50 (48.1*)	4	53* (510*)	−91.3	Vending virtuoso sees a future in catering and an increase in attended cafeteria service in nursing homes, B&I, colleges and hospitals. Plans to open 25 new locations in '88.
280 (293)	**Carousel Snack Bars Inc. of Minnesota** Minneapolis, Minn. Fast food (varied)	50** (45**)	11.1	330 (315)	4.8	Purchase of 15 Orange Bowl units is in keeping with co.'s growth plan. Will open 12 new units and remodel 30 into Hot Dogs & More stores, which are primary growth vehicle.
281 (319)	**Dino's USA Inc.** Oak Park, Mich. Franchisor (fast food/pizza)	50** (40)	25	205 (200)	2.5	Implementing its own centralized distribution system to service 80% of its franchisees. Expanding west with 100 units to be contracted during next 2-3 years. Fy end 10/87.
282 (252)	**AMTRAK** Washington, D.C. Transportation	50 (47*)	6.4	344 (344)	0	Passenger counts way up from 21MM to 23MM. More cooking done on board. Each train boasts different cycle menu, so cross-country travelers don't run into same entrees.
283 (262)	**Peter Piper Inc.** Phoenix, Ariz. Franchisor (fast food/pizza)	50 (51.7)	−3.3	109 (103)	5.8	Expansion plans are small and careful in '88. Enjoyed success with "2 pizzas for $7.99" offer, entering the 2-for-1 arena, but has not yet jumped on the delivery bandwagon.
284 (331)	**Legal Sea Foods Inc.** Boston, Mass. Full service (dinner houses)	49.7 (38)	30.8	11 (5)	120	Brought in two master chefs from China's little-known Shandong province and will add 10 menu items from region. Upgraded Park Plaza units. Customer counts up 4%.
285 (314)	**Hamburger Hamlets Inc.** Sherman Oaks, Calif. Full service (dinner houses)	48** (38.9*)	23.7	24 (24)	0	Co. closed Hamburger Hamlet (Los Angeles); opened Kate Mantilini's (Beverly Hills). 1 more Hamburger Hamlet on the boards, plus remodeling of older stores. Fy end 3/88.
286 (288)	**International Onion** Carson, Calif. Full service (Mexican)	48 (45)	6.7	13 (14)	−7.1	Closed restaurant in Beverly Hills, yet sales are up due to increased customer counts and check averages. 2 new stores coming: 1 in '88, 1 in '89, both in Calif.
287 (305)	**MTC Management Inc.** Campbell, Calif. Franchisor (fast food/sandwiches)	48 (42.6)	12.7	112 (101)	10.9	Operator of Togo's Eatery plans to subfranchise for expansion outside of Calif. in '88. 18-24 new units are slated for Ore., Wash., Colo. and Texas. AUV is $430K.
288 (285)	**Amfac Resorts Inc.** Flagstaff, Ariz. Diverse foodservice/lodging	47.9* (45.7*)	4.8	30* (30*)	0	Under restructuring plan, is selling continental U.S. hotels to concentrate on non-foodservice Hawaii operations. Thriving Fred Harvey resorts should pull a good price.

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289 (New Member)	**Sis Corp.** Westlake, Ohio Franchisor (fast food/chicken)	47.9 (—)	—	63 (—)		Former subsidiary of Wendy's Intl. and operator of Sisters Chicken & Biscuits was bought out by management in 4/87. Traffic, profits down slightly for '87, but sales up so far in '88.
290 (350)	**The Boyd Group** Las Vegas, Nev. Lodging	47.7 (34.9*)	36.7	26 (14)	85.7	Remodeled Stardust has coffeehouse with jungle theme, all-you-can-eat dinner house buffet and ice cream parlor. Private men's club at Fremont opens to public at night.
291 (290)	**Maid-Rite Products Inc.** Des Moines, Iowa Franchisor (fast food/hamburgers)	47 (45)	4.4	131 (127)	3.1	Co. has developed a prototype unit that is consistent whether built in a mall setting, in a strip shopping center or as a free-standing building. Plans 15 units for '88.
292 (295)	**California Dept. of Developmental Services** Sacramento, Calif. Government institutions	47† (44.8†)	4.9	11 (11)	0	Implemented a computerized purchasing program for all facilities. 8 units now using cook-chill systems; others plan to convert in '88.
293 (296)	**Florida Dept. of General Services** Tallahassee, Fla. Health care	47†** (44.8†)	4.9	55 (50)	10	Division purchases for 15 hospitals, 35 prisons and 5 mental health facilities. New correctional facilities needed as result of rapid state growth.
294 (292)	**Schlotzsky's Inc.** Austin, Texas Franchisor (fast food/sandwiches)	46.4 (45)	3.1	214 (200)	7	A dynamic new interior design is in the works for existing and new units. It includes new uniforms, new menu boards and self-serve drink islands. Will expand in Southeast U.S.
295 (286)	**K&W Cafeterias Inc.** Winston Salem, N.C. Full service (cafeterias)	46** (45.3)	1.5	20 (19)	5.3	Average check is $3. In '87, co. added 2 units; 1 is planned for '88. Minor renovations were completed on some restaurants. Fy end 6/88.
296 (299)	**Adam's Mark Hotels** St. Louis, Mo. Lodging	46 (43.7)	5.3	28 (28**)	0	Aggressive marketing of Frequent Stay program. "High energy clubs," with live entertainment, saw some growth. More focus on cuisine of region where hotel located.
297 (New Member)	**Pointe Resorts** Phoenix, Ariz. Lodging	46 (—)	—	10 (—)	—	Newcomer to "400" operates 3 luxury resorts in Ariz. mountain preserves. Restaurants range from top-grossing Western theme ($7MM annual sales) to Northern Italian and French.
298 (256)	**Indiana Dept. of Admin.; Procurement Division** Indianapolis, Ind. Government institutions	45.8†** (53.2†**)	−13.9	37 (37)	0	Purchases for prisons, mental health facilities, work release centers, schools and nursing homes. Will initiate computerized vendor files in '88.
299 (321)	**Sirloin Stockade International** Hutchinson, Kan. Franchisor (full service/steakhouses)	45.2 (40)	13	66 (60)	10	Co. opened a 6,300-square-foot prototype building that seats 300. Includes sunroom, self-service salad/hot food/dessert bar. Testing fish and chicken. Fy end 6/88.
300 (New Member)	**Hard Rock Cafe** Los Angeles, Calif. Full service	45.2 (—)	—	6 (—)	—	Peter Morton's Hard Rock keeps rolling, opening in Honolulu and New Orleans in '87, in San Diego and Sydney, Australia, in '88. Average unit volume? $6.06MM!
301 (306)	**Trader Vic's** San Francisco, Calif. Full service (fine dining)	45.1* (42.6*)	3.9	20 (21*)	−4.8	Trader's opened 1 new unit this year (Dusseldorf, 10/87) but won't divulge upcoming plans. Indonesian lamb roast remains the signature item.
302 (260)	**Jack's Food Systems Inc.** Birmingham, Ala. Franchisor (fast food/hamburgers)	45 (52**)	−13.5	90 (97)	−7.2	Co. became a mostly franchised organization in '87 with 8 franchise owners holding the majority of units and 12 units still company-owned. 4 units planned for '88.

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303 (316)	**Phillips Seafood Restaurants** Ocean City, Md. Diverse restaurants	45 (40.6)	10.8	7 (3)	16.7	Phillips family is placing great emphasis on training and suggestive selling in '88. Luncheon and bar buffet promotions proved most successful during '87.
304 (302)	**Smith and Sons Foods Inc.** Macon, Ga. Diverse foodservice/management	44.7 (43)	4	56 (55)	1.8	Co. operates S&S Cafeterias, S&S Food Administrators and Shane's Restaurants. In '87, Smith and Son's opened takeout shops in its cafeterias.
305 (329)	**Huddle House Inc.** Decatur, Ga. Franchisor (full service/family dining)	44.7 (38)	17.6	130 (129)	0.8	Sales increases of 15%-20% at 18 newly expanded/remodeled Huddle House units have prompted plans for remodeling more units in '88. 20 new stores to be built in '88.
306 (307)	**The Evangelical Lutheran Good Samaritan Society** Sioux Falls, S.D. Health care	44.5† (42.5†)	4.7	195 (200)	−2.5	Implemented extensive 4-times-a-year training program for new employees and as refresher course. Emphasized "fine dining," including plate presentation and good taste.
307 (280)	**Sands & Co. Inc.** Marietta, Ga. Foodservice management	44.4* (47.6†*)	−6.7	825* (525*)	57.1	Vending represents 65% of business; fs. contracts, including snack bars, B&I and hospital dining, are 25%. Co. operates mostly in the Southeast. Account list increasing.
308 (337)	**School District of Philadelphia** Philadelphia, Pa. Schools	44†** (37.5†)	17.3	260 (254)	2.4	School board has committed $6MM for cafeteria renovation and refurbishment. Emphasis on replacing serving counters and cooking equipment. Fy end 6/88.
309 (309)	**MCL Cafeterias** Indianapolis, Ind. Full service (cafeterias)	44 (42)**	4.8	27 (27)	0	Ownership of this company transferred from co-founder Charles O. McGaughey to his son Craig McGaughey. Plans are to remodel 11 of the units this year.
310 (New Member)	**Wendcoast Corp.** Orlando, Fla. Franchisee (fast food/hamburgers)	44* (—)	—	56 (—)	—	Like others in Wendy's chain, this franchisee's biggest move in '87 was the SuperBar. Systemwide, Wendy's domestic franchise AUV dropped 3.6% in '87.
311 (333)	**Restaurant Management Service Inc.** Macon, Ga. Diversified franchisee	43.8 (38)	15.3	43 (36)	19.4	Lucky number is 7 for franchisee of 24 Shoney's, 11 Capt. D's, 4 Lee's. Opened 7 units in '87, will open 7 in '88. Focus on Ga., Tampa and Philadelphia. Fy end 10/87.
312 (325)	**Pennsylvania Department of Corrections** Camp Hill, Pa. Government institutions	42.8† (39.7†)	7.8	14 (14)	0	Little has changed for this agency. It purchases food from itself: System has 4 farms, 1 meat-processing plant, 2 dairies, 2 beef-raising and 1 hog-raising operation.
313 (New Member)	**Lackmann Food Service** Woodbury, N.Y.	42.8† (—)	—	46 (—)	—	A newcomer to the "400," this management co. consults and runs fs. for schools, businesses and restaurants. 3 new accounts are in the works for '88. Fy end 6/88.
314 (354)	**Arctic Division of Quaker State** Salt Lake City, Utah Franchisor (fast food/hamburgers)	42 (33.7)	24.6	105 (112)	−6.3	Last year's promotions focused on C-Box children's meal. 1-unit opened in '87. Expansion plans uncertain since Quaker State announced intention to sell Arctic circle chain.
315 (308)	**Consumer Food Services Inc.** East Brunswick, N.J. Franchisee (fast food/hamburgers)	42** (42**)	0	25 (25)	0	Building 3 new Burger Kings in N.J. Has own in-house training and maintenance facilities for its operations.
316 (312)	**State of Hawaii School Foodservice** Honolulu, Hawaii Schools	42†** (41.6†)	1	226 (227)	−0.4	In '88, statewide centralized menus will be utilized. Served 86% of total enrollment in '87. Mexican and Chinese will be added to '88 menu. Fy end 6/88.

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317 (244)	**U.S. Coast Guard** Washington, D.C. Military	41.8†** (56.8†**)	-26.4	506 (398)	27.1	"Civilianization" is big word here . . . means turnkey contracts to Marriott-Saga, others. 1 Burger King, 1 on-base hotel being tested in New York.
318 (New Member)	**Azar's Inc.** Fort Wayne, Ind. Diversified franchisee	41.1 (—)	—	36 (—)	—	A to Z remodeling in '88 for franchisee of 23 Big Boys, 9 specialty and 4 f&b units in Marriott Hotels. Biggest sales boost: appetizers. Credit goes to new menu merchandising.
319 (300)	**Standard Oil** Cleveland, Ohio Franchisor (full service/family dining)	40.5* (43.4*)	-6.7	36 (35)	2.9	Opened new state-of-the-art truck stop including deli and restaurant in Mo. in early '88. Designed to set new standard for truck-related services on interstates.
320 (New Member)	**Beacon Hotel Corp.** Boston, Mass. Lodging	40 (—)	—	28 (—)	0	Restaurants will be expanding in '88 with display kitchens and extensive food and beverage merchandising. Promotions will include "Suite Scoop Summer Package."
321 (New Member)	**Southern Foodservice Management** Birmingham, Ala. Foodservice management	40†** (—)	—	80 (—)	—	Formerly known as Southern Cafeteria Co., this diverse food management co. has accounts in both business and industry, and hospitals. All menus are customized.
322 (198)	**State of Missouri Division of Purchasing** Jefferson City, Mo. Government institutions	39.8† (74†**)	-46.2	30 (31)	-3.2	Rewrote specifications in '87. State now uses several outside contractors where state pays per meal cost and lets contractors use state facilities.
323 (336)	**Winegardner & Hammons Inc.** Cincinnati, Ohio Diversified franchisee	39.8 (37.8)	5.3	42 (37)	13.5	Opening new Residence Inn in Rochester, N.Y., opened Radisson at Columbus (Ohio) Airport, acquired contract for Holiday Inn in Somerset, N.J., and more projects in development.
324 (New Member)	**Straw Hat Cooperative Corp.** Dublin, Calif. Fast food (pizza)	39.8* (—)	—	80 (—)	—	Co. born when 80 Straw Hat Pizza franchisees refused to go along with Saga's sale of co. a yr. ago. Consolidation year: openings and closings balanced out, customer counts same.
325 (291)	**Noble Roman's Inc.** Bloomington, Ind. Franchisor (full service/pizza)	39.3 (45)	-12.7	100 (110)	-9.1	Major campaign that began with retraining employees for better service ("If it's not OK, you don't pay") now guarantees food as well. Guarantee is unconditional.
326 (267)	**Health Care Services of New England** Braintree, Mass. Health care	39.2† (50.4†)	-22.2	350 (409)	-14.4	Continues group purchasing for about 350 health-care facilities. Offers 1%-2% average bulk discounts. Financed by markups and commissions.
327 (326)	**State of Louisiana, Office of Purchasing** Baton Rouge, La. Government institutions	39.2†** (39.2†)	—	35 (39)	-10.3	With a new governor, significant changes may be in the works for state agencies. Meanwhile, computerization of requisition bidding goes on; aim is a complete on-line system. Fy end 6/88.
328 (327)	**U.S. Marine Corps Military Clubs Branch** Washington, D.C. Military	39† (39†)	—	163 (163)	0	Mongolian barbecue was the year's big menu hit. Variety burgers, deli sandwiches also added in '87. Of 147 locations, 7 were remodeled in '87, 1 more set for '88 redo.
329 (334)	**Wrather Port Properties Corp.** Beverly Hills, Calif. Diverse foodservice/lodging	39* (38)	2.6	53 (53)	0	Disneyland Hotel, Anaheim, Calif., bought by Walt Disney Co. toward end of year. Assets still include Spruce Goose and Queen Mary attractions in Long Beach, Calif.
330 (351)	**Sonesta International Hotels Corp.** Boston, Mass. Lodging	39 (34.4*)	13.4	26[B] (150)	-82.7	Planned 240-room hotel on Western Fla. coast will have 3 restaurants, including 1 geared to families and 1 to spa cuisine. Bermuda Hotel's Gourmet Grill is new.

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331 (384)	**JRN Chicken Stores** Columbia, Tenn. Franchisee (fast food/chicken)	39 (30**)	30	76 (70)	8.6	KFC franchisee constantly building, closing and remodeling stores. Two Va. stores went over $1MM sales mark in '87. Co. is new to "400" this year.
332 (317)	**State of Washington Government Institutions** Olympia, Wash. Government institutions	38.9† (40.6†)	-4.2	34 (36)	-5.5	Improved Master Food Plan by unifying buying power. The purchase of the same products for all facilities increases volume and saves about $1MM a year. Fy end 6/88.
333 (New Member)	**Horizon Hotels Ltd.** Boston, Mass. Diversified franchisee	38.9 (—)	—	21 (—)	—	Hotel management co. merged with Cox Hotels Co. and Conference Environments Corp. in 1/88. 3 properties under development on West Coast, 1 in Fla. Opening 2 in Conn. and N.J.
334 (New Member)	**Wendy's of Fort Wayne** Rochester, N.Y. Franchisee (fast food/hamburgers)	38.6* (—)	—	62 (—)	—	Yet again, SuperBar the major innovation here. Franchisor says it helped absorb shock of 16% beef price jump in '87. Overall, Wendy's food costs rose to 32.8%, compared to 31% in '86.
335 (318)	**New York State Office of Mental Retardation** Albany, N.Y. Government institutions	38.1†** (40.3†)	-5.5	19 (20)	-5	Chilled production center being developed for NYC and Long Island areas. 6 developmental centers are to close by '91, but community programs will continue to expand. Fy end 3/88.
336 (340)	**Country Kitchens of Wisconsin** Madison, Wis. Franchisee (full service/family dining)	38 (36)	5.6	60 (60)	0	Co. owns 28, franchises 32 Country Kitchen Family Restaurants. Plans to add 3 units, expand territory to Ill. in '88. Basic menu remains unchanged. AUV is holding steady.
337 (335)	**Elmer's Restaurants Inc.** Portland, Ore. Franchisor (full service/family dining)	38 (38**)	0	31 (31)	0	Co. bought back 9 franchised units, planning to refranchise as part of "Elmer's Connection." The restaurant is owned by the franchisees but managed by Elmer's.
338 (345)	**OSF International** Portland, Ore. Full service (Italian)	37.9 (35.6)	6.5	26 (24)	8.3	Operator of Old Spaghetti Factory restaurants opened 3 company-owned stores since 11/87 in Atlanta, Oakland, Calif., and Salt Lake City. AUVs at company-owned stores hit $1.5MM.
339 (294)	**Pizza King Franchises Inc.** Lafayette, Ind. Franchisor (full service/pizza)	37.7* (45*)	-16.2	91 (91)	0	Future growth will be geared toward company-owned units; 3 are planned in '88. 90 "franchisees" are really licensees, as no royalties are collected. Fy end 8/87.
340 (344)	**Bresler's Division of Oberweis Dairy Inc.** Des Plaines, Ill. Franchisor (fast food/ice cream)	37.5 (35.8**)	4.7	300 (325)	-7.7	Co. purchased in 9/87 by Oberweis Dairy Inc. Soft-serve yogurt and "Royale Cremes" aimed at adult market. Convenient Food Marts will now offer Bresler's ice creams and yogurts.
341 (341)	**Dietary Consultants Inc.** Hornell, N.Y. Foodservice management	37.4†* (36†)	3.9	66* (65)	1.5	Late last year, the co. was purchased by Seiler Corp., which wished to expand its client list by purchasing small contract companies.
342 (380)	**Valentino's** Lincoln, Neb. Franchisor (full service/pizza)	37 (30)	23.3	36 (39)	-7.7	The buffet stays open 7 days a week by popular demand. '87 was a very good year for co. AUVs at $1.6MM. Will spend $4MM for capital expansion on 5 stores in '88. Fy end 3/88.
343 (New Member)	**Ruth's Chris Steak House Inc.** New Orleans, La. Franchisor (full service/steakhouses)	37 (—)	—	19 (—)	—	New member of the "400" opened 4 units in '87 and plans at least 5 more in '88, from Hawaii to Philadelphia. Avg. check is $32; AUV is $2MM. Began national advertising in '87.
344 (323)	**Rowntree Ltd.** Cleveland, Ohio Franchisor (fast food/snacks)	36.7* (40**)	-8.3	276 (301)	-8.3	Operator of Hot Sam's Pretzels and Corn Dog on a Stick dropped Mackintosh from its name, closed some units that weren't producing, opened 15 and plans to open 38 in '88.

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

400: RANKINGS

Rank '88 ('87)	Organization Headquarters Segment	'87 sales ('86 sales) in $ millions	% change sales	'87 units ('86 units)	% change units	Comments
345 (343)	**Brunswick Corp.** Skokie, Ill. Diverse restaurants	36.6 (35.8)	2.2	130 (147)	-11.6	Co. is getting employees involved through incentive programs based on percentage of sales increases. Promotional plans for '88 include Olympic Mug refill program.
346 (349)	**Taco Tico Inc.** Wichita, Kan. Franchisor (fast food/Mexican)	36 (35)	2.9	113 (108)	4.6	Of 72 company-owned units, 48 are drive-thru, representing more than 40% of sales. Growth is directed toward more rural areas vs. metro locations favored by competitors.
347 (365)	**Olga's Kitchen Inc.** Troy, Mich. Franchisor (full service/family dining)	36 (32)	12.5	38 (38)	0	Healthy sales growth for co.'s second year in "400." Ethnic menu has Chicken Oriental Olga, hottest seller in '87; Fajita Olga is tops in '88. 13 units to come. Fy end 10/87.
348 (New Member)	**Pietro's Corp.** Linnwood, Wash. Full service (pizza)	36** (—)	—	65 (—)	—	Pietro's was purchased in 3/88 from Campbell's by a group that will build 2 stores in '88 and 4 stores each year after. Franchising being considered.
349 (390)	**Perk Development Corp.** Rochester, N.Y. Franchisee (full service/family dining)	35.2 (28.4)	23.9	29 (28)	3.6	Perkins franchisee expanded into Eastern N.Y. with 3 new stores. Is working on an aggressive remodeling program to be implemented in '88-'89. Added dessert menu.
350 (304)	**Southern Hospitality Corp.** Nashville, Tenn. Diversified franchisee	35.1 (43**)	-18.4	49 (62)	-21	Franchisee of Wendy's and Big O's Pizza Delivery reduced debt by $10MM; sold 26 Wendy's to Southern Foods Inc. Southern Hosp. manages those Wendy's under contract.
351 (328)	**Bobby Rubino's USA Inc.** Fort Lauderdale, Fla. Franchisor (full service/ribs)	35 (39**)	-10.3	19 (25)	-24	Co. shelved delivery plans because it felt food quality suffered and insurance costs were too high. Tightened control over franchised units. Closed 6 restaurants.
352 (358)	**U.S. Beef Corp.** Tulsa, Okla. Franchisee (fast food/sandwiches)	35 (33)	6.1	73 (71)	2.8	Arby's franchisee pleased with stable sales in recession-prone state. Plans 1 unit in new Oklahoma City mall. Others destined for Ark. locations. Remodeling program under way.
353 (356)	**State of Kansas Div of Purchasing** Topeka, Kan. Government institutions	35†** (33.6†)	4.2	26 (25)	4	Purchasing agency for 26 facilities, including colleges, prisons and hospitals, is turning to computers in '88 to track purchasing. Menus are on a 2-year cycle. Fy end 6/88.
354 (367)	**Casa Olé Restaurants & Cantinas** Houston, Texas Franchisor (full service/Mexican)	35 (31.5)	11.1	34 (33)	3	Full-service Mexican restaurants are holding their own in dour economy. Sales up thanks to first full calendar year operation for newer units. La. may be potential new market.
355 (353)	**Shari's Management Corp.** Portland, Ore. Full service (family dining)	35** (34**)	2.9	37 (36)	2.8	Since acquired by StratAmerica Inc. 3 years ago, co. has been regrouping. Now ready to expand with 4-8 new units incorporating new kitchen design in '88. Fy end 3/88.
356 (New Member)	**Skyline Chili Inc.** Cincinnati, Ohio Franchisor (full service/family dining)	35** (—)	—	70 (—)	—	Old-timer in Cincinnati, a newcomer to "400." Co. was founded in '49. Will venture into Wash., Va. and Md. and fill in Midwest markets in '88. 15 new units planned.
357 (348)	**The Original Seafood Shanty Inc.** Bensalem, Pa. Full service (dinner houses)	35 (35)	—	14 (14)	0	Co. continues to emphasize menu creativity. Adding mussels to menu, but no plans for significant change in '88. Expected to be a level sales year. Fy end 9/87.
358 (New Member)	**T.J. Cinnamons Bakeries** Kansas City, Mo. Franchisor (fast food/sweets)	35 (—)	—	201 (—)	—	Originator of cinnamon roll fad added cinnamon bread, coffee cake to menu, expanded with 125 new units in '87. Plans 100 more stores in '88.

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised.

400: RANKINGS

Rank '88 ('87)	Organization Headquarters Segment	'87 sales ('86 sales) in $ millions	% change sales	'87 units ('86 units)	% change units	Comments
359 (New Member)	**Treadway Inns** Saddle Brook, N.J. Lodging	36 (—)	—	40 (—)	—	Checker's Cafe, a restaurant/nightclub concept located in 2 hotels, had sales as high as $600 per square foot. Offering new reservations systems to outside hotels.
360 (359)	**Heidman Inc.** Akron, Ohio Franchisee (fast food/hamburgers)	34.8* (32.9*)	5.8	24 (24)	0	Co. is a privately held McDonald's franchisee and divulges no sales figures. However, it was a profitable year for the Golden Arches, and we assume this franchisee also did well.
361 (366)	**AIFAM Enterprises Inc.** Wichita, Kan. Franchisee (fast food/pizza)	34.7* (31.7**)	9.5	85 (78)	9	Godfather's Pizza franchisee gets bigger slice of pie in '87. Units up by 8 (compared to '85-'86, down by 7). AIFAM's turf is Kan., La., Okla., Texas. Fy end 2/88.
362 (392)	**Hillsborough County School Board** Tampa, Fla. Schools	34.7†** (28.1†)	23.5	143 (138)	3.6	Re-evaluated food preparation techniques. Will use convection oven and steam only for meal preparation. Plans to remodel 3 units in '88. Fy end 6/88.
363 (361)	**Atlas Hotels Inc.** San Diego, Calif. Lodging	34.2* (32)	6.9	22 (22)	0	$350MM expansion of Town & Country Hotel completed; health spa serves it and 3 other hotels in San Diego area. Pushing banquet business for conventions trade.
364 (371)	**Spencecliff Corp.** Honolulu, Hawaii Diverse foodservice/lodging	34** (31)	9.7	24 (26)	-7.7	Intense competition in Hawaii market for this diverse foodservice/lodging operation. Coffee shops and restaurants underwent complete face lifts or extensive remodeling. Fy end 6/88.
365 (357)	**Spire's Restaurants** Orange, Calif. Full service (dinner houses)	34 (33.2)	2.4	26 (27)	-3.7	Co. sold low performing units, trimmed some fat on the corporate level and concentrated on strengthening customer service in existing units. Fy end 8/87.
366 (352)	**LaRosa's Inc.** Cincinnati, Ohio Franchisor (full service/pizza)	34 (34)	—	45 (47)	-4.3	The Cincinnati-based pizza chain reduced menu offerings to better concentrate on what it does best—namely, pizza. Some units will be remodeled and 3-4 opened in '88.
367 (362)	**Coulter Enterprises** Wichita, Kan. Franchisee (full service/pizza)	34 (32)	6.3	68 (67)	1.5	Pizza Hut franchisee expands delivery—fast. To open 20 delivery units in '88. Stores in Del., Ore., N.C., Tenn., Texas, Utah, Nev. Colo., Ill.—but none in Kan.
368 (New Member)	**North Carolina State Dept. of Corrections** Raleigh, N.C. Government institutions	33.9†** (—)	—	87 (—)	—	Dept. remodeled 18 serving locations in '87 and will redo 11 more in '88. Dept. employs 3,000 workers and receives $1.8MM in government commodities. Fy end 6/88.
369 (315)	**Dallas Independent School District** Dallas, Texas Schools	33.6†** (40.6†)	-17.2	184 (183)	0.5	Will computerize department to lend fiscal accountability from point-of-purchase to the administrative level. Opened 9 new schools in '87. Fy end 6/88.
370 (New Member)	**Health Care & Retirement Corp.** Toledo, Ohio Health care	33.6†** (—)	—	127 (—)	—	New member of the "400" operates 125 nursing homes and 2 retirement centers. Plans to open 13 new locations in Texas, Fla. and Ill. in '88. Switched to central purchasing in '87.
371 (364)	**Clock Restaurants Inc.** Lighthouse Point, Fla. Franchisor (full service/cafeterias)	33 (32*)	3.1	43 (40)	7.5	Focus at Clock Restaurants continues to be service. Co. added a chicken entree in '87 and went into test with pasta salad. Plans to open 2-3 new units in '88.
372 (383)	**Hospitality International Inc.** Atlanta, Ga. Lodging	33* (30**)	10	250* (218)	14.7	"Opened door" to franchise in India. Plans to open 75-100 hotels in next year, 250 more in next 5 years. Currently represents 275 individually owned hotels.

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400: RANKINGS

Rank '88 ('87)	Organization Headquarters Segment	'87 sales ('86 sales) in $ millions	% change sales	'87 units ('86 units)	% change units	Comments
373 (330)	**Jerry's Systems Inc.** Gaithersburg, Md. Franchisor (diverse restaurants)	33** (38)	-13.2	62 (61)	1.6	Future looks bright: Co. predicts 75-80 Jerry's Subs & Pizzas and 18-20 Jack's for sales of $50MM by end of fiscal year. Drive-thru in test at Jerry's. Fy end 3/88.
374 (New Member)	**Classic Prime Ltd.** Knoxville, Tenn. Franchisee (fast food/hamburgers)	33 (—)	—	52 (—)	—	Ownership of this Wendy's franchisee changed hands in 1/87. Opened 2 units in '87, plans 6 for '88. Added SuperBar in '87. Magic ticket promotion was a big hit last year.
375 (360)	**Happy Chef Systems Inc.** Mankato, Minn. Franchisor (full service/family dining)	32.5 (32.5)	—	52 (51)	2	Co. opened another training center in '87. This year chain will open 1-3 new units and celebrate 25th anniversary. Keeping test items under wraps. Fy end 5/88.
376 (376)	**U.S. Naval Medical Command** Washington, D.C. Health care	32.5† (30.6†)	6.2	31 (27)	14.8	New management system, implemented in 12 of 31 sites, means fewer civilians, more enlisted personnel (50%). Other new ideas: a la carte patient feeding; automated menu info.
377 (New Member)	**E&A Restaurants of South Florida Inc.** Pompano Beach, Fla. Franchisee (fast food/hamburgers)	32.2* (—)	—	41 (—)	—	This Wendy's franchisee is new to the "400." Co. follows franchisor's lead in advertising, adding to traditional 25-item menu, rolling out SuperBar.
378 (New Member)	**Wenar Corp.** Charlotte, N.C. Franchisee (fast food/hamburgers)	32.2* (—)	—	41 (—)	—	SuperBar rollout and more extensive crew training drove down operating margins throughout Wendy's system. Labor costs in '87 were 24.6% of domestic sales vs. 23.6% in '86.
379 (234)	**Arthur Treacher's Inc.** Youngstown, Ohio Franchisor (fast food/seafood)	32 (60**)	-46.7	106 (215**)	-50.7	Plans for '88 call for expansion into shopping centers. Will add 12 new units in '88 with geographic concentration in the Northeast United States. Fy end 6/88.
380 (373)	**Corporate Food Services Inc.** New York, N.Y. Foodservice management	32 (30.8†)	3.9	44 (58)	-24.1	Expanded operations from base in Northeast by opening account in Cleveland. All clients are in business and industry market; Black Monday hurt sales at contract sites on Wall Street.
381 (378)	**Sandwich Chef Inc.** Birmingham, Ala. Fast food (sandwiches)	32 (30)	6.7	179 (184)	-2.7	Co. hears call of the mall, plans move into food courts. 8 R.C. Coopers, 3 Wallstreet Delis, 2 Yogurt & Salads, and 3 Sandwich Chefs to be added in '88. Fy end 6/88.
382 (322)	**Valls Enterprises** Miami, Fla. Diverse restaurants	32 (40)	-20	14 (17)	-17.6	Tapped into tapas with 3 Las Tapas restaurants in '87. Plans another in Underground Atlanta in '88. Co. majors in Spanish cuisine. Customer counts up 10%.
383 (New Member)	**Stuckey's Corp.** Marietta, Ga. Franchisor (full service/family dining)	32 (—)	—	120 (—)	—	Familiar highway stops changing strategy to fit changing demographics, becoming more like c-stores. Opened 7 outlets in '87, hoping for 15 openings in '88. Looking into RR stations.
384 (397)	**CVI Service Group Inc.** Plainfield, N.J. Foodservice management	31.2† (27)	15.6	52* (78)	-33.3	Opened new markets in '87 in Philadelphia, Western Pa., South Jersey and Del. Opening new office in Atlanta in '88. Full-line vending constitutes 18% of business.
385 (New Member)	**Sunquest Systems** Indianapolis, Ind. Franchisee (full service/family dining)	31 (—)	—	58 (—)	—	Waffle House franchisee saw AUVs jump to $600K, avg. checks of $3.60 per person. Restructuring prices on combination dinners. Just introduced all-you-can-eat shrimp deal.
386 (375)	**Maryland Dept. of General Services** Baltimore, Md. Government institutions	30.8†** (30.8†**)	0	32 (33)	-3	Opened up new correctional facility and dropped 1 school. Now in throes of working out computerized purchasing system, to be fully operational by fall.

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400: RANKINGS

Rank '88 ('87)	Organization Headquarters Segment	'87 sales ('86 sales) in $ millions	% change sales	'87 units ('86 units)	% change units	Comments
387 (320)	**Michigan State University** East Lansing, Mich. Colleges	30.8†** (40†)	−23	43 (43)	0	Increased automation in ordering, inventories and accounting. Opened 2 new serving locations and remodeled 3. Serves 17,500 residence hall students.
388 (374)	**Texas Dept of Corrections, Food Service Dept.** Huntsville, Texas Government institutions	30.8† (30.8†)	0	38 (27)	40.7	Dept. will add 20 new facilities during the next 4 years, increasing the number of meals served from 56MM to 92MM. Metal is out, plastic is in for all tableware.
389 (385)	**The Management Group Inc.** Chicago, Ill. Diversified franchisee	30.5** (30**)	1.7	20 (20)	0	Operator of name-brand hotels (Sheraton, Ramada) opened an Embassy Suites in Southfield, Mich., in '87 and will acquire 2 new units in '88.
390 (388)	**Allen & O'Hara Inc.** Memphis, Tenn. Diversified franchisee	30.4* (29.2)	4.1	24 (24)	0	Room at the Inns—Hampton and Residence—for growth, says contract co. Moving into retirement housing fs. mgt. To add 1 college dorm in N.C. and expand to N.J. in '88.
391 (New Member)	**Knott's Berry Farm** Buena Park, Calif. Recreation	30.1* (—)	—	55 (—)	—	Back in "400" after several years' absence, the amusement park opened in 1920 continues to grow. New area to open in '88 includes a water ride and Wilderness Broiler restaurant.
392 (368)	**The C&C Organization** Rancho Cucamonga, Calif. Full service (dinner houses)	30 (31.3)	−4.2	24 (26)	−7.7	'88 will be a year of consolidation for this operator of Cask & Cleaver, Lord Charley's and El Gato Gordo concepts. 1 unit to open in '88; menus being upgraded.
393 (347)	**Cox Hotel Corp.** West End, N.J. Lodging	30 (35)	−14.3	23 (22)	1.7 4.5	Cox (a hotel mgmt. co.) merged with Horizon Hotels Ltd. in 1/88. Conference Environments Corp. was also part of merger. The new co. will go under Horizon name.
394 (379)	**State of Tennessee General Services** Nashville, Tenn. Government institutions	30† (30†)	0	42 (42)	—	This arm of government does central purchasing for all state agencies and institutions, including correctional, mental health, park and school facilities. Fy end 6/88.
395 (346)	**Brigham's Inc.** Arlington, Mass. Franchisor (full service/ice cream)	30 (35)	−14.3	72 (82)	−12.2	Co. launched a franchise expansion drive using a new equity format. 8 units are expected in '88 in N.Y. and N.J. AUV is $417K. Introduced light ice creams (63% less fat).
396 (New Member)	**Fat Boy's Bar-B-Q Franchise System Inc.** Cocoa, Fla. Franchisor (full service/barbecue)	30 (—)	—	36 (—)	—	Fat Boy's departed from its basic design (167 seats plus 800-sq.-ft. banquet room) to build a 64-seat unit with drive-thru in South Columbus, Ohio. Plans to add more in '88.
397 (383)	**Big 4 Restaurants Inc.** Phoenix, Ariz. Diverse restaurants	30** (30**)	—	11 (14)	−21.4	Big 4 closed 2 units in '87 but opened Steamer's Genuine Seafood in Phoenix. '88 will bring Tom's Tavern (Phoenix) plus new deli outlets in office buildings and malls.
398 (384)	**Vie de France Restaurant Corp.** McLean, Va. Diverse restaurants	30 (30)	—	57 (55)	3.6	Number of units, located mostly in malls, is growing steadily with 12 company-owned and 12 franchised to come in '88. Introducing 2 new menu items in '88. Fy end 6/88.
399 (New Member)	**Hardin Group** Thousand Oaks, Calif. Franchisor (fast food/yogurt)	30 (—)	—	142 (—)	—	Purveyor's of Penguin's Frozen Yogurt experienced a 106% sales increase from $14MM to $30MM in 1 year, proving the yogurt market is healthy in more ways than one.
400 (New Member)	**Happy Joe's Pizza & Ice Cream Parlor Inc.** Bettendorf, Iowa Franchisor (full service/family dining)	30** (—)	—	85 (—)	—	Testing deli concept and expanding sandwich line. Enjoyed 8% increase in customer counts. Planning 5 stores in keeping with plan to saturate Midwest market. Fy end 9/88.

*R&I estimate. **company est. †commercial equivalent. (A) former data included non foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised.

400: CHAINS 50

FAMILY TREES BRANCHING OUT

The tale of the sales tape reveals a year of surprising success for a few but slow, careful growth for many.

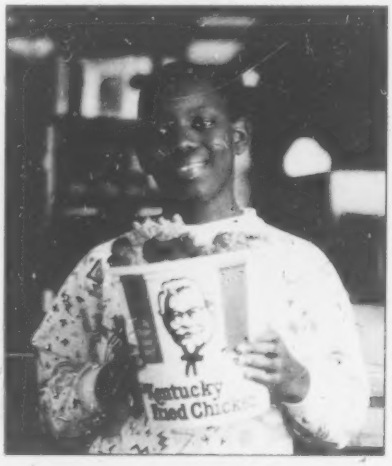
This year's ranking of the *R&I* Chains 50 reflects the kind of foodservice year 1987 was: quiet, with steady growth in most quarters and troubling slippage in a few, but no major surprises.

Overall, the companies on the list saw only a marginal increase in combined sales over the previous year. Taken together, the 50 had aggregate sales of $57.01 billion in 1987, compared to $55.72 billion in 1986. That constitutes an increase of only $1.29 million, or 2.3%, less than last year's 4.1% inflation rate for food away from home.

Two-thirds of that combined sales total belonged to the top 10 chains—the same 10 who headed last year's list in a slightly different order of rank. Their share of the list's sales jumped 12.5% to $38.35 billion. Ann Arbor, Mich.-based Domino's Pizza was far and away the growth leader in this group with a phenomenal 32% sales leap in 1987. But with the exception of Burger King, all the other top-echelon chains experienced sales increases, too, some of them large. McDonald's took in 15.6% more last year than in 1986, and Denny's and International Dairy Queen each surpassed their previous sales performances by 10.3%.

The 1987 Hamburger Stakes race drew a lot of industry attention. Win and place were locked up, as usual, but Hardee's looked like an even-money bet to take the show position away from Wendy's for the first time. As it turned out, the race was a photo finish with each side claiming the victory. Wendy's nosed out its rival with higher system-wide sales, but Hardee's racked up a higher average unit volume ($877,000 vs. Wendy's $741,000).

KFC saw 17.1% sales growth.



And though they trailed behind the other outlets in the hamburger segment of the Chains 50, White Castle and Whataburger were still strong finishers. The 67-year-old White Castle managed to increase sales by 5.3% in 1987. Even better, intense customer loyalty to the 236-unit chain drove average unit volumes up to $1.3 million, second only to McDonald's $1.5 million AUV. Relative newcomer Whataburger managed a 17.8% jump in sales with only 27 more units than last year—a creditable showing for a chain based in the hard-hit Texas area.

Other race results: Little Caesar's Pizza rocketed 39.4% in sales and five ranks on the chart, but even that was not enough to narrow the gap with Domino's. In 1986, the No. 2 pizza maker sold $980 million more than Little Caesar; last year, that distance widened to $1.25 billion. Domino's also gained slightly on pacesetter Pizza Hut, cutting its sales lead from $1 billion in 1986 to $938.4 million last year. Elsewhere in pizza, a 5% sales hike helped Round Table Pizza edge past Godfather's to become the fifth highest-grossing pizza chain in the country.

Jockeying for position was the name

of the game in chains last year: Thirty-two of this year's companies changed positions in the ranking. Sizzler rose five ranks in the chart on the strength of a 24.7% sales increase and took the lead in steakhouse chains. Meanwhile the embattled Ponderosa dropped five ranks, partly because of a 2.9% drop in sales, and Golden Corral posted a healthy 19.5% sales jump.

Looking at menus, it seems that burgers still have a hold on the Chains 50: Hamburger chains account for 44.8% of the list's combined sales. Pizza chains come next with 11.3% of the total, followed by fast-food chicken (8.9%) and full-service family dining (5.4%). Ice cream chains were responsible for $2.77 billion in sales, or 4.9% of the combined sales figure—a surprising feat in light of the fact that there are only three ice cream chains on the list.

As always, the 1988 Chains 50 has its share of arrivals and departures. Luby's Cafeterias and Waffle House have reappeared on the list after a year's hiatus. Subway, the sandwich chain owned by Doctors Associates, earns a first-time mention for having almost doubled both sales and units in 1987. Departing the list are Stuart Anderson's, Ground Round and Furr's Cafeterias.

Drawing valid conclusions from the combined unit counts of the Chains 50 is difficult because its makeup changes slightly every year. But 43 of the companies named this year have been on the list continuously since 1984. A check of the unit growth of those 43 shows a moderate 5.9% increase from 1984 to 1985, followed by a large 9.6% jump from 1985 to 1986. But that expansion fever cooled down to only 3.3% last year.

Where do these chains fit into the overall foodservice universe? Right at its center. The entire *R&I* "400" roster did $113.14 billion in food and beverage sales last year—more than half the 1987 total for the U.S. industry. And the 50 chains on this list accounted for more than half of *that* figure, or about one-quarter of all the foodservice sales last year. That may be the biggest surprise buried in this list: that the chain segment, which saw so many tumultuous divestitures, acquisitions, repositionings and conversions in 1987, could still turn in such a healthy sales performance. ***—Brian Quinton***

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CHAINS 50

This year's Chains 50 list had aggregate systemwide sales of $57.02 billion in 1987. That figure represents only a marginal increase of 2.3% over the combined sales totals for last year's list, $55.72 billion. The companies on the list operate a total of 76,912 units, contrasted to 72,536 units for last year's group—a 6% rise in the number of stores.

Rank	Chain	'87 sales	'86 sales	Units 1/1/88
1.	**McDonald's**	$14,330.4MM	$12,400MM	9,159
2.	**Burger King** (Pillsbury)	5,000	5,000**	5,179
3.	**Kentucky Fried Chicken** (PepsiCo)	4,100	3,500	7,522
4.	**Pizza Hut** (PepsiCo)	2,918.4*	2,503.4*	5,394
5.	**Wendy's**	2,870*	2,747	3,816
6.	**Hardee's** (Imasco USA)	2,481.9*	2,255*	2,959
7.	**Domino's**	1,980	1,500	4,279
8.	**Dairy Queen**	1,900	1,723	5,005
9.	**Taco Bell** (PepsiCo)	1,521.6*	920*	2,696
10.	**Denny's**	1,251	1,134.2	1,221
11.	**Big Boy** (Marriott)	1,096.8*	1,002.1*	914
12.	**Arby's**	980	892.8	1,881
13.	**Red Lobster** (General Mills)	977	897.6*	464
14.	**Sizzler** (Collins)	754.3**	605.1	574
15.	**Long John Silver's** (Jerrico)	746.9	720.4	1,451
16.	**Dunkin' Donuts**	726	648	1,669
17.	**Little Caesar**	725	520	1,820
18.	**Shoney's**	718.6	644.5	614
19.	**Ponderosa**	704	725	789
20.	**Jack In The Box** (Foodmaker)	655.1	639.5*	897
21.	**Baskin-Robbins**	624.7*	572.1	3,372
22.	**Friendly**	572.4	519.8*	840
23.	**Roy Rogers** (Marriott)	556*	450.1*	556
24.	**Church's Fried Chicken**	533.9	577.7	1,422
25.	**Bonanza** (USACafes)	529.5	480	605
26.	**Western Sizzlin'**	466.2	454	585
27.	**Popeyes** (A. Copeland Ent.)	463.7	400	819
28.	**Bennigan's** (Pillsbury)	449	446.2*	212
29.	**Golden Corral** (Investors Mgmt.)	397	332.3	519
30.	**TGI Friday's** (Carlson Cos.)	364	348.5	128
31.	**Rax**	358.3	328.9	529
32.	**Perkins**	343.7	279.5*	334
33.	**Carl's Jr.**	343.6	344.9**	444
34.	**Captain D's** (Shoney's Inc.)	342.6	315.9	578
35.	**Sonic Drive-In**	315	291	953
36.	**Morrison's Cafeterias**	310	291	162
37.	**Pizza Inn** (Pantera's)	300	265.2*	786
38.	**Intl. House of Pancakes**	297.5	264.1	454
39.	**White Castle**	282.6	268.5	236
40.	**Subway** (Doctors Assoc.)	272**	140	1,815
41.	**Chi-Chi's** (Foodmaker)	270	315	201
42.	**Whataburger**	265**	225	392
43.	**Round Table Pizza**	262.5	250	335
44.	**Godfather's** (Pillsbury)	261	260	186
45.	**Steak & Ale** (Pillsbury)	256	279.4*	171
46.	**Carvel**	243.8*	291.5*	750**
47.	**Luby's Cafeterias**	232.9	215.1	103
48.	**Waffle House**	230.6*	219.5*	610*
49.	**Bob Evans Farms**	220	220	196
50.	**Piccadilly Cafeterias**	217.5	225**	116

*R&I estimate **company estimate

400: CHAINS 50

To penetrate new markets and acquire new real estate, parent corporations bought brand-name subsidiaries.

To judge from the actions of many multiconcept companies, diversity was a mixed blessing in 1987. True, some were in the mood to buy, as long as the concept did not harm current holdings. Imasco's Grisanti subsidiary bought Casa Lupita, broadening the parent's customer base considerably.

But others took a back-to-basics approach and began to divest. Pillsbury sold Bay Street and Key West Grill to company management. Marriott shed franchise rights to Big Boy. And many of those who *did* buy were looking for market share or real estate rather than concepts. IDQ's purchase of Karmelkorn and Orange Julius brought 1,000 shopping mall leases.

What follows is a "Who's Whose" genealogy of multiconcept chain parentage at the end of 1987, in the order of their "400" ranks. Sales figures are in millions; one- and two-unit concepts are not broken out. Hotel chains will be ranked later in *R&I*'s November "Lodging 100."

PepsiCo Foodservice Division
Kentucky Fried Chicken, $4,100, 7,522;
Pizza Hut, $2,918.4*, 5,394;
Taco Bell, $1,521.6*, 2,738

The Pillsbury Co. Restaurant Group
Burger King, $5,000, 7,339;
Bennigan's, $449, 212;
Godfather's, $261, 186;
Steak & Ale, $256, 171;
Häagen-Dazs, $66, 300;
Quik Wok, $6*, 13

Marriott Corp.
Big Boy, $1,096.8*, 914;
Roy Rogers, $212*, 556;
Travel Plazas, $82.2*, 106
Hot Shoppes, $8*, 16
Also owns contract foodservice division and lodging, including Marriott Hotels and Resorts, Marriott Suites, Residence Inns, Courtyards and Fairfield Inns. Howard Johnson franchisee.

Imasco USA
Hardee's, $2,431.2*, 2,959;
Grisanti's, $10.5*, 10

International Dairy Queen
Dairy Queen, $1,900, 5,005;
Orange Julius, $71.1*, 744;
Golden Skillet, $39.6*, 99;
Karmelkorn Shoppes, $21.3*, 222

TW Services Inc.
Quincy's Family Steak Houses, $221.5,215
Recently acquired Denny's Inc. Also operates contract foodservice and holds Hardee's franchise.

Restaurant Enterprises Group
El Torito, $402, 187 (Also includes other specialty Mexican concepts.)
Coco's, $150*, 150*;
Houlihan's, $148, 54;
Carrow's, $75*, 85*;
Darryl's, $54*, 27;
Jojo's, $40*, 40;
Reuben's, n/a;
Charley Brown's, n/a
Also operate some one- and two-unit concepts.

Denny's Inc.
Denny's, $1,251.3, 1,221;
Winchell's, $158.5, 764;
El Pollo Loco, $75.5, 87
Co. recently acquired by TW Services.

General Mills Restaurant Group
Red Lobster, $1,000**, 410**;
Olive Garden, $200*, 90;
York's Steakhouse, $125, 100

Shoney's Inc.
Shoney's, $718.6, 614;
Captain D's, $342.6, 578;
Lee's Chicken, $136.6, 277
Also operates Shoney's Inns and miscellaneous dinner houses.

Collins Foods Intl. Inc.
Sizzler, 754.3**, 574;
Naugles $115.3**, 165;
Taco Dan, $4.2**, 5
Also franchises/joint venture Ed Debevic's, Gino's East, Kentucky Fried Chicken.

Morrison Inc.
Morrison's Cafeterias, $310, 162;
Ruby Tuesday's, $96, 64;
L&N Seafood Grills, $29, 15;
Silver Spoon Cafe, $6, 4
Also operates contract management division.

Jerrico Inc.
Long John Silver, $746.9, 1,451;
Jerry's Restaurants, $40.4, 57;
Florenz Italian Restaurants, $4.5, 4

Carlson Cos.
TGI Friday's, $364, 128;
Country Kitchen, $169.2, 252;
Dalts, $29, 15
Also owns Radisson Hotels and Colony Resorts and Hotels.

USACafes
Bonanza, $529.5, 605;
Ribby's, $1*, 2

American Restaurant Group
Grandy's, $185, 205;
Stuart Anderson, $170*, 85;
Velvet Turtle, $53*, 21;
Spoon's Grill & Bar, $11*, 11;
Also owns Spectrum Restaurants and a variety of specialty units.

A. Copeland Enterprises Inc.
Popeyes Chicken & Biscuits, $463.7, 703;
Copeland's, $18.9, 7

Investors Management Corp.
Golden Corral, $397, 519;
Oh! Brian's, $10*, 10
Also operates other specialty restaurants, Church's Fried Chicken franchises and 1 Day's Inn.

*R&I estimate **company estimate

continued on page 148

400: CHAINS 50

Many gave up diversity for divestiture, concentrating capital where the paybacks were biggest.

continued from page 144

VICORP Restaurants Inc.
Bakers Square, $155.8, 138;
Village Inn, $119.7, 141

Pantera's Corp.
Pizza Inn, $350*, 672;
Pantera's, $75*, 115

Furr's/Bishop's Cafeterias L.P.
Furr's Cafeterias, $202.4*, 126;
Bishop Buffets, $53.8*, 26

Nestle Enterprises
Rusty Scupper, $33.3*, 19;
J.B. Winberie's, $19.2*, 24
Also owns specialty dinner houses and hotels.

Horn & Hardart Co.
Bojangles', $55.6, 71
Also franchisee of Burger King, Arby's, Tony Roma's.

Restaurant Associates Industries
Acapulco Restaurants, $65.9, 41
Charlie Brown's, $49.7, 35
Also owns and operates diverse single-concept restaurants.

Shoney's South Inc.
Hungry Fisherman, $11, 9;
Danver's, $4.3, 8
Shoney's and Captain D's franchisee.

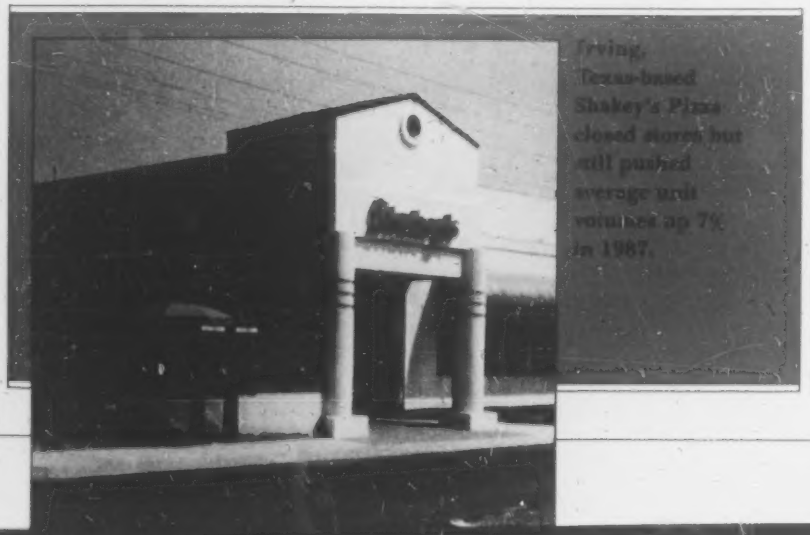
Mrs. Fields Cookies
Mrs. Fields Cookies, $203.2*, 565;
La Petite Boulangerie, $37.1*, 135

Brock Hotel Corp.
ShowBiz Pizza Time Theatre, $177, 275
Acquired Monterey chain 8/1/87; owns 38-hotel lodging division.

The Ground Round Inc.
Ground Round, $181.5, 179
Also owns 12 Orange Roof hotels, will convert 20 Stuart Anderson's bought in '88.

Western Steer-Mom'n'Pop's Inc.
Western Steer Family Steakhouses, n/a;
Mom 'n' Pop's Steak & Seafood, n/a

Specialty Restaurant Corp.
94th Aero Squadron, $24.2*, 11;
The Castaway, $27*, 9;
Baby Doe's, $18*, 6;
Matchless Mine, $18*, 6
Also one- and two-unit concepts.



Irving, Texas-based Shakey's Pizza closed stores but still pushed average unit volumes up 7% in 1987.

Paragon Restaurant Group
Bought 41-unit Rusty Pelican chain in 11/87; also owns numerous single-unit concepts.

DeNovo Corp.
Tastee Freez, $104, 421;
Dog 'n' Suds, $46, 30 (includes 41 Dairy Isle stores)

W.R. Grace Restaurant Group
Taco Villa, $84.2, 120;
Applebee's, $59.8, 51

Unigate Restaurants Inc.
Taco Bueno, $59.7**, 121;
Prufrock, $56**, 44;
Casa Bonita, $13.8, 4;
Crystals, $10**, 7

Galardi Group
Wienerschnitzel, $100*, 276;
Original Hamburger Stand, $23*, 56
Also owns several Chelsea's Choice and Weldon's units.

Trans/Pacific Restaurants Inc.
Jolly Roger, $71*, 44*;
Monterey Bay Canners, $20, 11
In Hawaii, owns several one-unit concepts; also a Sizzler franchisee.

Consolidated Products Inc.
Steak n Shake, $76.7, 106;
Consolidated Specialty Restaurants, $22.6, 16

Restaurants Unlimited Inc.
Dinner house division, $45*, 13.
Cinnabon, $35*, 65

Famous Restaurants Inc.
Garcia's Mexican Restaurants, $58, 33;
Famous Pacific Fish, $10, 5

Associated Hosts Inc.
Bombay Bicycle Club, $56.8*, 43*
Also Sizzler franchisee; owns Smugglers Inns, Julie's Place.

Lifestyle Restaurants Inc.
Beefsteak Charlie, $57, 49
Acquired by Bombay Palace Restaurants in September '87. R&T

*R&I estimate. **company estimate

400: GROWTH LEADERS

BREAKING AWAY

Growth companies Restaurants Unlimited, Subway and TCBY moving quickly to challenge the leaders.

For some foodservice organizations, 1987 was a great year. More than 30 of the "400" companies registered sales increases of 25% or better, and two companies, McDonald's and PepsiCo, saw annual sales jump more than a billion dollars each.

Some grew via acquisitions. Others pumped up revenues by boosting customer counts and same-store sales through savvy marketing and promotional campaigns. Others added new units (and thus sales) at a breakneck speed, despite claims by many industry experts that the foodservice market is saturated.

Although the top 25 organizations in the "400" far outpaced the remaining 375 in terms of absolute dollar increases, growth was not limited to the big chains. Of the five companies showing the greatest sales percentage increases, none rank in the top 50 of the "400" and only two are in the top 100. The sales percentage growth leader, Restaurants Unlimited of Seattle, jumped from No. 313 in the 1987 "400" to No. 193 this year, a 95.1% increase in sales, thanks primarily to the phenomenal success of the company's cinnamon roll concept, Cinnabon.

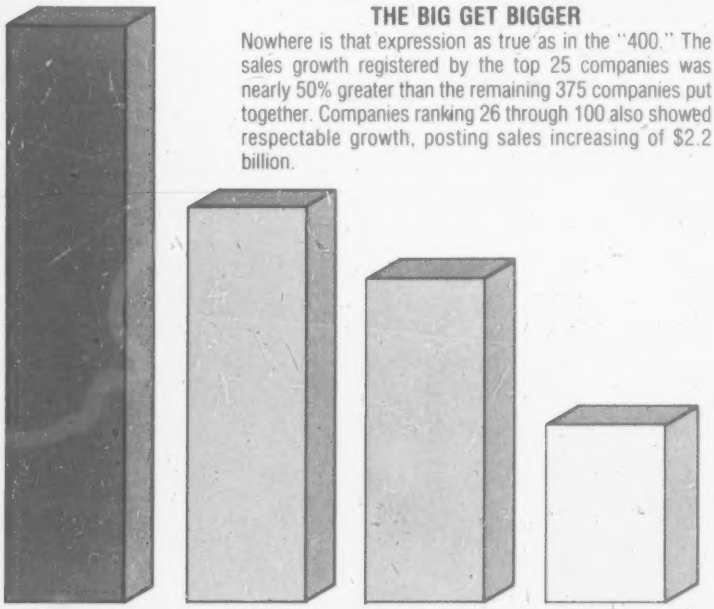
Several companies were repeat growth leaders from previous years. Little Caesar Enterprises Inc., king of the two-for-one pizza deal, made the list for the fourth year in a row, while Doctors Associates, franchisor of Subway sandwich shops, Domino's Pizza Inc., master of the 30-minute delivery guarantee, Ryan's Family Steak Houses Inc., home of the Mega Bar, and Chili's Inc., the casual dinner house chain, all made their third appearance in four years.

It was another banner year for mergers and acquisitions in the foodservice industry, and at least 10 of the "400" companies were able to move up several places in the ranking by acquiring a competitor. Pantera's Corp. took the biggest leap, jumping from No. 232 to No. 61 after purchasing Pizza

1987 was a year in the fast lane for many "400" companies.

THE BIG GET BIGGER

Nowhere is that expression as true as in the "400." The sales growth registered by the top 25 companies was nearly 50% greater than the remaining 375 companies put together. Companies ranking 26 through 100 also showed respectable growth, posting sales increasing of $2.2 billion.



TOP 20 GROWTH COMPANIES: BY PERCENTAGE OF SALES GAIN

Limited fast-food concepts were the ticket to growth in 1987. Restaurants Unlimited's Cinnabon concept boosted that company's sales nearly 100%, while Doctors Associates (Subway sandwiches) and TCBY also scored substantial gains.

Company	% sales growth	% unit growth	Segment
Restaurants Unlimited	95.1	311.1	Div. restaurants
Doctors Associates	94.3	83.9	Franchisor
Ryan's Family Steak Houses	78.2	35.7	Full service
TCBY Inc.	70.7	79.5	Franchisor
Continental Cos.	46.0	25.6	Div. franchisee
Levy Restaurants	44.7	11.1	Div. restaurants
Unicare	44.4	48.3	Health care
Sbarro	43.9	33.2	Franchisor
Little Caesar Ent. Inc.	39.4	39.1	Franchisor
General Mills Rest. Group	38.1	7.5	Div. restaurants
Harcourt, Brace, Jovanovich	38.1	25.9	Recreation
Domino's Pizza Inc.	32.0	18.7	Franchisor
Chicago Board of Education	32.0	-1.0	Schools
Theo H. Davies	32.0	65.0	Div. franchisee
Circle K	31.1	28.1	Retail
Legal Sea Foods	30.8	120.0	Full service
Lettuce Entertain You	30.8	-3.1	Div. restaurants
Mister Donut of America	30.6	14.0	Franchisor
Chili's Inc.	29.1	2.9	Franchisor
Franchise Enterprises Inc.	28.6	29.5	Franchisee

Companies whose sales were estimated by *R&I* or who changed their method of reporting are not included.

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Inn and boosting sales 400%. Mrs. Fields Inc. wasn't too far behind, with a sales increase of 246%, the result of buying La Petite Boulangerie.

Four institutional organizations jumped on the merger bandwagon: ServiceMaster Foodservice Division, which bought American Food Management, increasing sales 125%; Northwest Airlines, which purchased Republic Airlines and saw its foodservice sales equivalent jump 108%; Seiler Corp., which acquired several smaller contract companies and bumped its sales equivalent 35%; and Morrison Inc., which took over Custom Management Corp. and boosted sales by 31%.

One company that is ignoring analysts' warnings about an overbuilt restaurant market and is vaulting through the "400" ranks as a result is TCBY Inc., the frozen-yogurt shop franchisor. TCBY's unit count grew by nearly 80% from the previous year (its first year in the "400"), and sales almost kept pace, increasing 70.7%. The company is growing aggressively but not recklessly; 70% of its new stores were opened by existing franchisees.

One of the benefits of being a franchisee is the operator's ability to concentrate on day-to-day restaurant management without worrying about menu development, advertising campaigns or long-term strategies. Several "400" organizations exemplify this principle well: Continental Cos., a franchisee of several hotel brands. Theo H. Davies, the Hawaii franchisee of Pizza Hut and Taco Bell, and JRN, a Kentucky Fried Chicken franchisee, all ranked among the top 20 sales percentage growth leaders.

Franchising is not the only road to riches, however. Four more of the top 20 sales percentage growth leaders are full-service restaurant organizations that do not franchise: The Levy Restaurants, General Mills Restaurants Inc., Legal Sea Foods and Lettuce Entertain You. All scored sales increases of 30% or better.

And despite much talk about belt-tightening and retrenching in the health-care segment, one nursing home operator, Unicare Health Facilities Inc., showed better than 40% growth in both sales and units during 1987. As the American population continues to age, the demand for nursing home beds increases, and Unicare is stepping in to fill that need. —*Maureen Pratscher*

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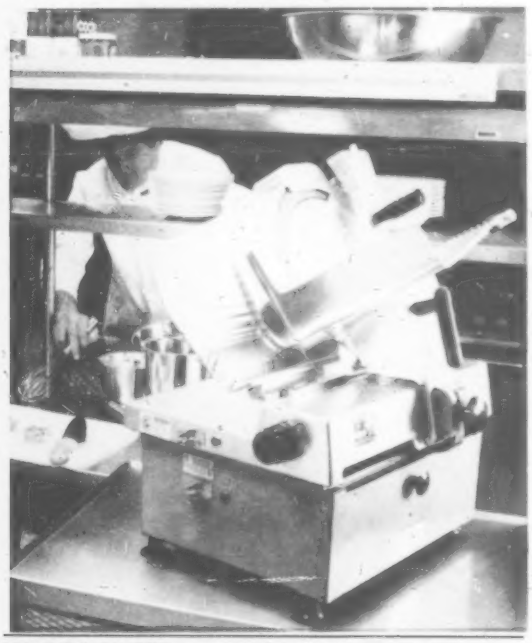

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GROWTH LEADERS

Acquisitions, unit growth fueled sales increases for "400" companies.

TOP 15 GROWTH COMPANIES: BY ABSOLUTE DOLLAR GAIN

McDonald's led the charge, boosting its sales nearly $2 billion in 1987. Much of the burger chain's growth can be attributed to strong international sales as well as a jump in same-store sales. PepsiCo, also with a strong international presence, was the only other company to break the $1 billion sales-increase barrier.

Company	$ gain from 1986-1987	Segment
McDonald's Corp.	$1,930.4MM	Franchisor/fast food
PepsiCo Fs. Division	1,204.4	Franchisor/fast food
Marriott Corp.	571.7	Diverse fs./lodging
Pillsbury Co. Rest. Group	553.0	Franchisor/div. rest.
Domino's Pizza Inc.	480.0	Franchisor/fast food
General Mills Rest. Inc.	400.0	Diverse restaurants
Intl. Dairy Queen	309.0	Franchisor/div. rest.
Pantera's Corp.	240.0	Franchisor/full serv.
Imasco USA	213.1	Franchisor/fast food
Morrison Inc.	205.8	Diverse fs./mgmt.
Little Caesar Ent. Inc.	205.0	Franchisor/fast food
ARA Services	181.0	Div. fs./mgmt.
Denny's Inc.	149.6	Franchisor/full serv.
Mrs. Fields Inc.	144.5	Fast food
Sheraton Corp.	139.4	Franchisor/lodging

TOP 10 GROWTH COMPANIES: BY ACQUISITION

Several "400" companies got the urge to splurge in 1986 and early 1987, and their resulting purchases helped them to boost their foodservice sales by as much as 400%. In most cases, the big acquire the little, but Pantera's reversed that trend with its Pizza Inn purchase.

Company	% sales growth	Company acquired
Pantera's	400.0	Pizza Inn
Mrs. Fields	246.2	La Petite Boulangerie
ServiceMaster	125.1	American Food Mgmt.
Northwest Airlines	108.7	Republic Airlines
Unigate	74.8	Prufrock Inc.
Seiler Corp.	35.8	(several companies)
Morrison Inc.	31.6	Custom Management
Intl. Dairy Queen	17.9	Karmelkorn, Orange Julius
Restaurant Associates	11.4	Acapulco Restaurants
Carousel Snack Bars	11.1	Orange Bowl

Companies whose sales were estimated by R&I or who changed their method of reporting are not included. ©1988 Restaurants & Institutions, a Cahners publication.

400: CONTRACTORS

SERVICE FOR HIRE

ARA has become the Sears of contract services and continues to expand its product lines.

"What you want, baby, I got it." These words, popularized in the late 1960s by Aretha Franklin, could well be the advertising slogan of contract companies today. Simply, companies such as TW Services, ARA Services, Seiler, Guest Services, daka and Marriott are diversifying at a great rate, not only within the foodservice market but into areas such as housekeeping, magazine delivery, gift shop management, lodging and stadium concessions—both in the United States and abroad.

But, with little doubt, it is ARA Services whose reach is the widest. The privately owned company, based in Philadelphia, has its finger in almost every market pie imaginable. Many industry experts now term this 119,000-employee conglomerate "the Sears of the contract-service companies." And with good reason, as the following brief descriptions of its divisions and accomplishments will show.

ARA introduced a debit-card payment system for ARA vending machines (operated by the Vending division in conjunction with the company's Business, Convention and Personal Dining Group). Within this group ARA's off-premises premium retail catering company, Classic Fare, expanded into six additional cities.

The convention-center business served attendees at some of the world's largest professional gatherings, including the National Hardware and Chicago Auto shows held in McCormick Place.

The Fine Dining division received awards for the cuisine and service offered at ARA's 95th Restaurant in Chicago, The Carnelian Room in San Francisco and the U.S. Bancorp Towers in Portland, Ore.

Pennswood Caterer, an extension of the Fine Dining division and in its second year of operation, provided elegant picnic lunches to discerning customers.

ARA offers popular foods at numerous sports stadiums.

400: CONTRACTORS

ARA also has operations in Canada, the United Kingdom, Germany, Belgium and Japan.

MARRIOTT CORP.
The scope of Marriott Corp. is also great. The company owns or operates:
Marriott Hotels and Resorts
Marriott Suites
Residence Inn by Marriott
Courtyard by Marriott
Fairfield Inn
Marriott Business Food and Services
Marriott Education Services
Marriott Health Care Services
Marriott In-Flite Services
Host International Inc.
Family Restaurants (including Bob's Big Boys and Howard Johnson units)
Roy Rogers
Travel Plazas by Marriott
Hot Shoppes

ARA also provided foodservice to more than 5,000 athletes and coaches participating in the Pan Am Games.

Turning to health care, the company's Nutrition Services assisted a growing number of its client hospitals.

ARA taps the college market through its Campus Dining Services division. The company boasts a 94% retention rate of clients serviced by its School Nutrition Services division.

ARA/Cory Refreshment Services, yet another division, introduced a number of new programs, including a soda BreakMate system. The division also embarked on a mail-order business called the "Cory Collection."

The Leisure Services division continued to try to meet the challenges posed by special events such as the racing season at the Saratoga Race Track.

The company isn't just limiting its offer of services to those residing in the United States, either. ARA Services also provides food and other services in the United Kingdom, Canada, Germany, Belgium and Japan.

Last year, ARA merged its uniform rental services to form ARAFEX.

The Magazine and Book division provided more than 500 million books, newspapers and magazines to 20,000 retail locations.

ARA's Living Centers Inc. continued its emphasis on comprehensive care programs for those afflicted with Alzheimer's disease.

With the acquisition of Children's World, ARA more than doubled its early-childhood-development centers to 450 in 19 states.

Last year, the company's Correctional Medical Systems Inc. provided comprehensive medical care to 44,500 inmates at 69 sites in 16 states. The company also completed a merger with Szabo.

ARA's Environmental Services Inc., as the name implies, cleans corporate headquarters, health-care and educational facilities.

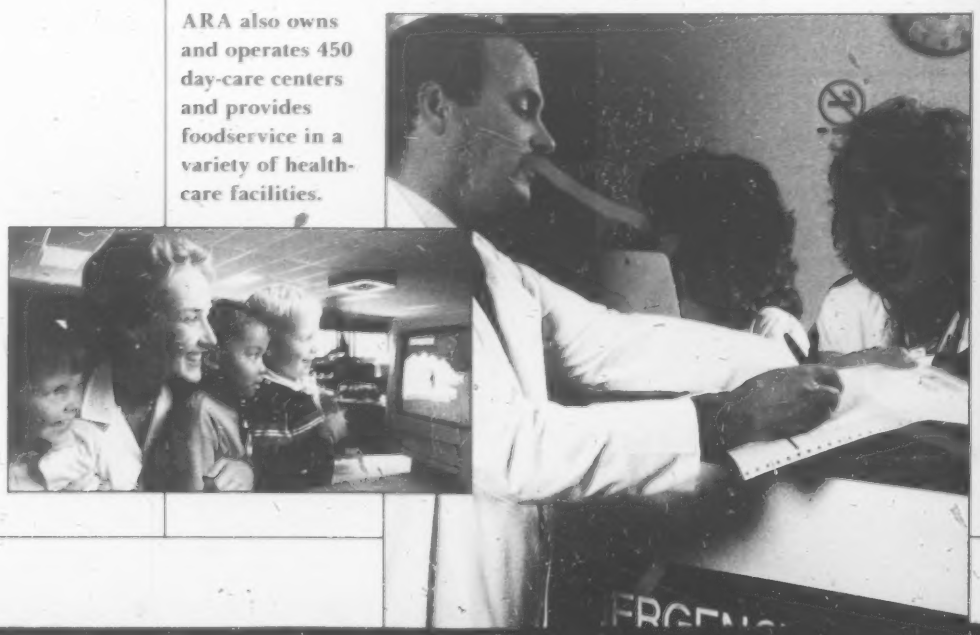
ARA also has combined with General Motors to form a joint venture company called GMARA Industrial Cleaning. The company also is developing a private-label line of cleaning products.

Last, but certainly not least, ARA's Encore Services has 130,000 individual contract holders.

For most companies, it is less trouble to buy a company that already has established clients. For this reason, the trend of mergers and acquisitions, while perhaps not as frenetic as in years past, will probably continue. Yes, Aretha, what you want, the contract companies will provide.

—Susie Stephenson

ARA also owns and operates 450 day-care centers and provides foodservice in a variety of health-care facilities.



400: MERGERS

JOINT RESOLUTIONS

Foodservice industry helped make '87 the year of the takeover as merger mania struck "400" companies.

The U.S. foodservice industry is doing its share to shore up predictions from business and financial analysts that 1988 will go down in history as the year of the takeover. With real estate as an extra enticement and availability of capital as an added incentive, foodservice companies kept pace with business at large. One measure of the overall merger mania cited by *Business Week* was the $50 billion worth of bids put on the table between Jan. 1 and March 7, 1987.

UAL's $980 million offer for Hilton International, W.R. Grace's $536.7 million leveraged buyout of its restaurant group and Calvalcade Holdings' offer of $237.5 million for Furr's Cafeterias and Bishop Buffets were just a few of the multimillion-dollar deals consummated in those two months. 1987 was a banner year for "400" companies, who used mergers and acquisitions as a shortcut to corporate goals: expansion, new markets entry, adding concepts or related businesses, restructuring, divesting, and acquiring real estate or units for conversion. Several major themes dominated the "400"'s activity during the past 18 months: major transactions characterized by the element of surprise, David-and-Goliath deals, and the complicated maneuvers of some big-league players, for example, **Marriott**.

Early in 1987, **Pizza Hut** acquired 190 Straw Hat Pizza units from Marriott's Saga (all company-owned). Most will be converted to Pizza Huts, but Saga will continue to operate the Straw Hat franchise system. Some Straw Hat franchisees, however, will be able to enter the Pizza Hut system. Marriott's divestitures continued with the sale of 20 Stuart Anderson's to **Ground Round** for conversion, and culminated with a bang: the transfer of Big Boy franchising rights to Warren, Mich.-based **Elias Brothers Restaurants Inc.**, the biggest Big Boy fran-

Hand signals: Mergers tend to be mutual, but takeovers hostile.

400: MERGERS

Big deals, big risks: Some "400" companies grow by acquisition; others drop out of "400" ranks.

LITTLE FISH, BIG DEALS

In a marketplace where the big companies take over the small, turnabout is fair play. And that was the theme for some of 1987's best deals (see chart, r.). When petite Pantera's purchased Pizza Inn, it became one of five largest U.S. pizza chains. In addition, Pantera bought 40 Godfather's Pizza units in Denver from Inland Pizza Corp. to bring Pantera's units to 865. Pizza Inn and Godfather's units will bear Pantera's name. Small Steve's scooped up sizable Swensen's for stock (each Swensen's stockholder receives two shares of Steve's and a five-year option to buy one share of Steve's common stock for every six shares of Swensen's at $6 per share). Plans are under way for Swensen's Phoenix-based headquarters to move and merge with Steve's in Boston. Aurora, Ill.-based Oberweis, an ice-cream maker with a few dipping stores, got a match made in heaven with Des Plaines, Ill.-based Bresler's 300 outlets. All units will be called Bresler's Ice Cream and Yogurt Shops. In addition to these small companies who gobbled up giants whole, some smaller companies with healthy appetites took big bites of giants. For example, Mrs. Fields, a 565-unit company with '87 sales of $203.2MM*, got more than crumbs from PepsiCo, a 16,407-unit company with $8,540MM '87 sales. Mrs. Fields acquired all 135 La Petite Boulangerie units with '87 sales of $43MM*. The sale price: $15MM*.

*R&I estimate

chisee. Marriott's move brought harsh criticism from Big Boy founder Bob Wian, and protests from **Marcus Corp.**, a Milwaukee-based Big Boy franchisee. But Marriott's big bid for Denny's (an offer estimated at between $660 million and $800 million) broke down. Instead of Marriott's getting the 1,200 units plus a 42% share in Winchell's, **TW Services** walked away with the prize: 1,200 Denny's, 750 Winchell's and 70 El Pollo Loco for $218 million cash and the assumption of Denny's debt.

Another big dealer, Chicago-based **Carson Pirie Scott & Co.** sold Dobbs House in-flight catering and airport restaurants to **Greyhound Corp.** for $390 million. Dobbs Food Service Management to **Morrison Inc.**, adding 70 contract accounts to Morrison's Custom Management Division to equal 800, and 40-unit Toddle House to **Diversified Hospitality Group** out of Milford, Conn., who also owns the 130-unit Steak 'n Egg Kitchens.

The nomination for the most complicated deal goes to **Allegis** formerly known as UAL. When **KLM Royal Dutch Airline** reconsidered its bid to buy Hilton International hotels from Transworld Corp. (now TW Services), **UAL** bought the hotel group for $980 million and changed its name to Allegis. Then Westin management proposed buying **Westin Hotels** along with Hilton International from parent company Allegis, but that deal fell through.

SMALL FRY MAKE QUANTUM LEAPS

In nature, the big fish eat the little fish. But in business, sometimes the rule is reversed. For example, during 1987 at least three "400" companies gobbled up much larger companies: Pantera's acquired Pizza Inn (for $45 million), which is the country's fourth largest pizza chain; Little Steve's licked up Swensen's (for stock and stock options), a 340-scoop ice cream cone. Oberweis Dairy treated itself to a Bresler's sundae with the works: 300 units.

Pantera's
Units: 115
'87 sales: $75MM*

Pizza Inn
Units: 672
'87 sales: $350MM*

$45MM*

Steve's
Units: 30
'87 sales: $7.2MM*

Swensen's
Units: 340
'87 sales: $77.2MM*

Stock & options

Oberweis
Units: 7 units
'87 sales: $1.2MM*

Bresler's
Units: 300
'87 sales: $37.5MM

$ undisclosed

*R&I estimate

The ultimate buyer was London, England-based **Ladbroke Group PLC**, who purchased for $1.07 billion the 91 Hilton International hotels as well as a 20-year management agreement for Hilton to operate the 600-room Toronto Westin hotel. At this writing, Allegis has come full circle, divesting itself of other operating divisions (Westin was sold to Aoki Corp., based in Tokyo, Japan), leaving only United Airlines.

One big buy, Lubbock, Texas-based **Cavalcade Holdings**' of 133 Furr's Cafeterias and 35 Bishop's Buffets from **K mart** for $237.5 million, left no big hole: K mart still has 1,900 foodservice outlets and $300 million in annual foodservice sales.

One sweet deal was **International Dairy Queen**'s purchase of 750 **Orange Julius** units, all in malls. Only 40 of IDQ's 4,940 units are in malls. Two neat deals were: **Brock Hotel Corp.**'s purchase of 58 Houston-based Monterey House units, thus adding a Mexican concept, and **General Mills' Red Lobster**'s purchase of the 28-unit, California-based Seafood Broiler chain. GM will convert units to Red Lobster, providing instant new-market penetration.

One of the biggest surprises of 1987 was **Howard Johnson**'s franchisees' purchase of Howard Johnson's franchisor. Franchise Associates Inc., South Weymouth, Mass., the organization that franchises HJ restaurants, was purchased in a private offering by its franchisees, a stock issue the company claims is a first in franchised restaurant history. The organization hopes one area of growth will be adding Howard Johnson units currently owned by Marriott.

Also of note: Fallout from **Wendy's**, with sale of PoFolks' **Davco division** to Davco management (FFFG Acquisition Corp.), and **Sister's Chicken & Biscuits** sale to Cleveland-based Sis Corp., its largest franchisee for $14.5 million . . . **Foodmaker's** acquisition of 200-unit **Chi-Chi's** for $230 million, adding Mexican concept that won't detract from Jack In The Box . . . **Trans Pacific's** leveraged buyout from founding family . . . Tennessee-based **TPI Restaurants's** buyout of **Shoney's South** . . . **AWR II Acquisition Corp.'s** purchase of **Naugles**, Collins Foods' Mexican concept, making Anwar Soliman's AWR the owner of the second largest Mexican fast-food chain. (PepsiCo's Taco Bell No. 1.) ***—Nancy Ross Ryan***

RESTAURANT INDUSTRY RIPE FOR ACQUISITIONS

Recent mergers and acquisitions in the restaurant industry have resulted in healthier, more focused and vigorous companies. Far from being arbitrary, the deals have been motivated by fundamental trends.

The industry has witnessed a spate of acquisitions for the same reason they occur anywhere: Buyers—whether they be corporate buyers looking to expand their business or financial buyers looking to take a company private—believe they have found value. The securities market has given some restaurant companies dramatically low market valuations. This was true before the market crash last October, and it is more true today.

A little history helps put this situation into focus. During the 1980-84 period, there was an extremely positive outlook for the restaurant industry, and many companies expanded rapidly. Capital markets, influenced by the optimistic industry forecast, were eager to invest funds.

However, expansion in the industry outstripped demand by 1985-86. While several of the better-managed chains continued to enjoy healthy profit growth, many restaurant companies experienced deteriorating margins.

As a consequence, restaurant companies as a group underperformed the market during the 1984-87 period. While the bull market carried the stocks of other companies to new highs, many restaurant companies found their overexpansion resulted in disappointing earnings. Even if the general market euphoria gave restaurant companies a higher price-to-earnings multiple, due to reduced earnings, there was a minimal increase in the market value of the stocks. The result today is many of these companies have the same or lower valuations as they had four or five years ago.

Buyers believe that although market valuations remain low, fundamental conditions are better. Since 1987, the overall supply and demand balance has improved somewhat. Some restaurant companies limited their expansion or closed units in response to their earlier difficulties. This, in combination with continued moderate increases in demand, has provided a basis for better managed companies to increase earnings.

STEVEN L. FINGERHOOD
Steven Fingerhood is an associate with the Mergers and Acquisitions Group at Montgomery Securities, a San Francisco-based investment banking firm with a focus on the restaurant industry.

For many buyers, the conclusion is clear. The market continues to assign low valuations to some companies despite improving industry conditions, making these companies attractive acquisition candidates. When the broader economic trends are becoming more favorable for the entire industry, the buying criteria returns to the capabilities of the management team to meet the goals within its control. Those requirements are constant and predictable: to provide the customer with excellent food and service, stay attuned to changing consumer preferences, effectively manage costs and, if possible, achieve controlled growth.

Companies that distinguish themselves in those respects have enormous value. They offer a buyer an established franchise with growth opportunities and a stable cash flow.

The company's cash flow is often used by the buyer to help finance the purchase. Particularly in recent years, banks have become more comfortable making loans based upon the predictable free cash flow of the company rather than the value of its assets.

This increased availability of leveraged financing is a particularly important development for management teams, which have the capability of joining with financial partners to become buyers themselves in leveraged buyout transactions. LBOs have become increasingly popular as many management teams choose to assume additional financial risk (debt) instead of operating risk (unit expansion in an already crowded market).

—Steven L. Fingerhood

400: MARKETING

CAMPAIGNING FOR CUSTOMERS

Can regional favorite sons compete when leader McDonald's votes a $362 million TV budget?

Industry statistics show that 1987 was a good year for the restaurant industry as a whole: Traffic and dollar sales gains were well in excess of the two previous years. But the picture was not so rosy among the chains as new units accounted for much of the growth and operators found more and more hands reaching out for a portion of the precious customer dollar.

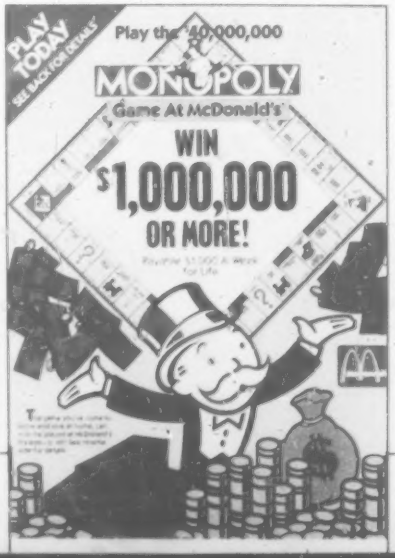
As the chains all struggle to increase their market share, their tactics are as varied as their menus. Some promote specific customer benefits—fast service or speedy delivery, convenient locations, low prices—while others focus their promotional efforts on new product rollouts or meal specials such as Dairy Queen's Full Meal Deal. In 1987, nutrition was a major selling point, and a number of chains, most notably McDonald's, played up the nutrient value of specific menu items. Games and contests were successful in increasing both new and repeat business.

According to the Television Bureau of Advertising, restaurant chains plunged more money than ever before into television advertising last year, a record-breaking sum of more than $1.3 billion. Total expenditures by the chains were up 10% over 1986, although some chains, such as Kentucky Fried Chicken and Red Lobster, had increases of as much as 30%. McDonald's, the leader, spent $362.2 million on television last year.

Following is a brief look at some of the strategies used by the major players in various segments of the quick-service market.

Hamburgers: In the hamburger segment, No. 2 chain Burger King is taking shots at Big Mac once again, this time with a $200 million ad campaign that sings the praises of flame-broiling. The 1988 campaign, the first created by Burger King's new agency, features a series of backyard scenes in which people praise flame-broiled burgers, using the tagline "We do it like you'd do it."

A 1987 McDonald's Monopoly board



At McDonald's, the Mac Tonight television spots ran from August to October 1987. The commercials were immensely popular but the company will not say whether it plans to continue them or not. McDonald's will continue the 1988 version of its successful Monopoly game and plans to follow it with a reprise of the 1984 "When the Americans Win, You Win" promotion, during the upcoming Olympic games.

Meanwhile, McDonald's made a huge splash in the print media this year with a series of nutrition-oriented ads running in national magazines such as *Time*, *Newsweek* and *American Health*. The ads drew criticism from nutrition experts who claimed they were deceptive, but McDonald's plans to continue releasing new nutrition-oriented ads throughout 1988.

Pizza: Disappointed by the recent campaign featuring comedian Rich Hall and the Mobile Institute for Pizza Studies, PepsiCo's Pizza Hut dumped

400: MARKETING

The chains spent $1.3 billion on television advertising in 1987, more than ever before.

PROMINENT PROMOTIONS

We asked some top chains what their most significant promotion was in 1987. Here are their responses.

Baskin-Robbins: Baseball and football helmet sundaes
Bob Evans Farms: "Just a Few Smiles from Home" campaign
Burger King: Burger Bundles
Carl's Jr.: "Just Wait 'til You Taste It" campaign featuring Carl Karcher
Chick-fil-A: "Celebrate Space Sweepstakes"
Church's Fried Chicken: $3.99 Eight-Piece Dark Promo
Domino's Pizza: The Noid campaign and the rollout of a product guarantee
Dunkin' Donuts: "Wake Up Time" commercials
Godfather's Pizza: "What Are You Waiting For?" campaign
Jack In The Box: Introduction of Fajita Pita
JB's Restaurants: All-You-Can-Eat-Shrimp
Long John Silver's: "Sounds Good to Me"
Morrison's: Packaged meals at fixed prices
McDonald's: Monopoly
Pizza Hut: Rich Hall and the Mobile Institute for Pizza Studies
Red Lobster: The Lobster Fest, Seafood Trio and other product-oriented promotions
Steak & Ale: "The Legend in Steak" campaign
Wendy's: Furskins Plush Toys

ad agency Chiat/Day and switched to BBDO. The agency's new campaign, which focuses on pizza's versatility and uses the theme "Makin' it Great," was unveiled in January 1988. In selected markets, the campaign also promises guaranteed carryout and delivery times.

Interestingly enough, in the Domino's 1987 annual report, founder and Chairman Tom Monaghan talks about one of the "big disappointments" of 1987: Dominos' failure to honor the 30-minute delivery guarantee 35% of the time. Although this represents an improvement over the year before, Monaghan says, "It's still totally unacceptable" and that meeting the delivery guarantee time "must be our biggest priority in 1988."

Steak: At the 610-unit, Dallas-based Bonanza Steak House chain, the marketing focus continues to shift away from steak. "People don't eat as much steak as they used to," says President and CEO Jeff Rogers, "and we've done an excellent job of repositioning. Today we're perceived as a budget meal restaurant vs. a budget steak restaurant."

Most of the items showcased in Bonanza's newest ad campaign will be non-red-meat items. One commercial shows customers choosing between broiled seafood and shrimp scampi dinners; another features the charbroiled Chicken Monterey. A third promotes the chain's Freshtastiks salad bar. Rogers says Bonanza will continue to focus on value and variety—not steak—in the coming months. "Five years ago, people came to us first for steak, then price, then location and, finally, salad bar," Rogers says. "Today it's variety first, then salad bar, then price. Steak is No. 10 or 11."

Stuart Anderson's, on the other hand, has taken the opposite tack: The company has launched a new public relations campaign designed to enhance the image of beef, stressing its nutritional and taste values. In the meantime, Stuart Anderson's will continue its "Tales of the West" advertising campaign through the end of 1988.

Chicken: In the chicken segment, No. 2 chain Church's continues to use low prices and large portions as its point of differentiation. The company's new "Big Pieces, Little Prices" umbrella campaign will feature a variety of price specials all playing off that strategy: the $3.99 Eight-Piece Dark, the Chicken Big Sandwich and Two Pieces for 99 cents, among them.

Church's used no television in 1987, spending $13.2 million on radio and direct mail, but added national TV to the mix for 1988. "We're trying to establish our leadership position as the low-priced value chicken chain," says Vice President of Marketing Wallace Winslow. "Church's has a downscale

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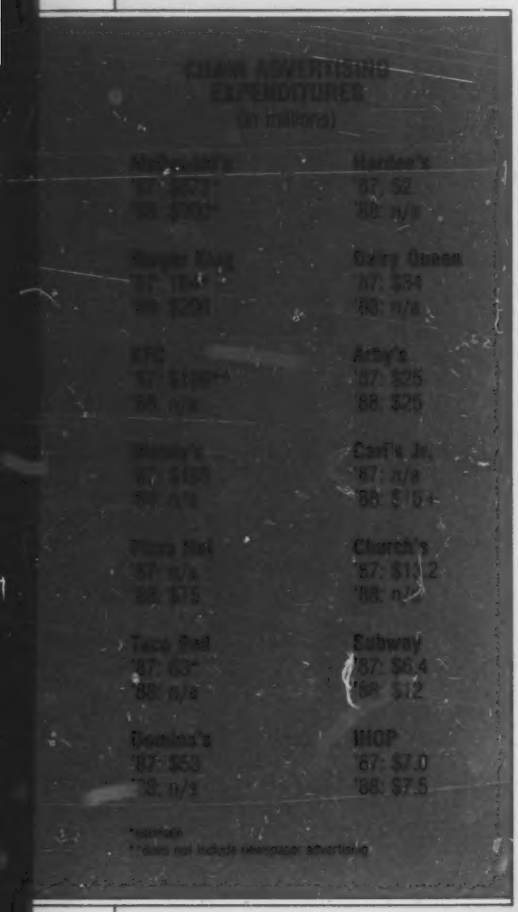
With too many players in the fast-food game, clever marketing tactics are essential.


CHAIN ADVERTISING EXPENDITURES
(in millions)

Hardee's
'87: $2
'88: n/a

Dairy Queen
'87: $34
'88: n/a

Arby's
'87: $25
'88: $25

Carl's Jr.
'87: n/a
'88: $164

Church's
'87: $12
'88: n/a

Subway
'87: $6.4
'88: $12

IHOP
'87: $7.0
'88: $7.5

*estimate
**does not include newspaper advertising

customer base, and we've found marketing price points to be the most potent motivator."

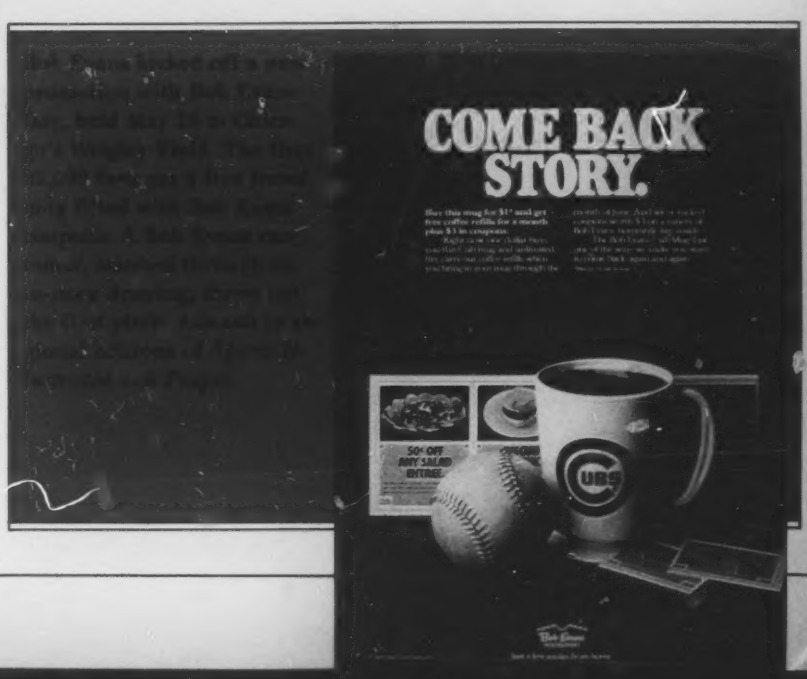
At the Atlanta-based Chick-fil-A, 1987 was a repeat year of double-digit sales growth—11%. In 1987, the company sponsored a "Celebrate Space Sweepstakes," in which the grand prize was a family trip to space-related destinations in Orlando, Fla., Washington, D.C., or Houston. According to Chick-fil-A's Donald Perry, the company will continue with promotions of this sort. "In our marketing mix, the promotion concept is key," he says.

Family dining: Country Kitchen continues to maintain its "doing what we do best" marketing philosophy. "Our name has a strong magic," says Senior Vice President of Marketing Allan Post. "It says so much more to the customer than Big Boy or Denny's or Perkins; it conjures up nice old-fashioned things." In keeping with this down-home philosophy, the company's current direct-mail campaign reaches potential customers with a personalized, handwritten post card inviting them to stop into the nearest Country Kitchen and taste a specific menu item free of charge. Other promotions planned for 1988 will focus on new menu items such as Country Stuffers.

Mexican: W R. Grace's Taco Villa (40 units) and Del Taco (136 units) concepts are both using product-driven ad campaigns. In 1987, the company promoted the new Grilled Chicken Fajita Salad, which, Director of Marketing Jerry Stephens reports, has since become a popular menu item. The chains' new ad agency will be doing consumer research in coming months and creating a new campaign. "We're a small chain and we approach our marketing on a slightly more individual, market-by-market basis," Stephens notes.

Breakfast: In 1987, Bob Evans Farms used its "Just a Few Smiles from Home" campaign with much success, spending 85% of its advertising budget on television and the remainder on radio and print. According to Robert S. Wood, executive vice president and chief operating officer, Bob Evans will continue using the smiles campaign but will be promoting dinner using a new slogan "See Bob Evans in a Whole New Light," which encourages customers to come to Bob Evans during the evening hours. The promotion will feature seven dinner entrees under $5, four of them new.

Twenty-eight percent of Evans' sales come from breakfast items, which are served all day. ***—Julie Mautner***



400: EXECUTIVES

MANAGEMENT GO-ROUND

Food specialists are fleeing the pressures of cash-driven companies with short-term goals.

In the past 15 months, Lewis "Bucky" Kilbourne has held executive positions at three different companies: vice president of finance and chief financial officer at Church's Fried Chicken; chief financial officer at Brock Hotel Corp.; and his present position, executive vice president of finance and administration, and chief financial officer at A. Copeland Enterprises. That explains why Kilbourne laughed when he heard the reason for this story: the continuing flurry of top management shifts in the foodservice industry.

Rapid, multiple shifts like Kilbourne's from one executive suite to another have become common. Reasons executives give for the shifts are as varied as the shifts themselves: higher-level positions, elimination of jobs due to mergers and acquisitions, firings and resignations due to declining profits, new opportunities not to be passed up.

But speaking anonymously, executives point to unrealistic expectations of stockholders and analysts as the underlying cause of the shift epidemic.

"When investors and analysts don't adjust expectations to what is happening in the industry," says one top-level executive, "publicly held companies are forced to stop doing things that are smart for the business. Managers get into the position of having to make a lot of cuts for investors' approval while the things that would be smart for the business would require capital investment." Ultimately, executives in this position get fed up and leave.

"Analyst and stockholder pressures have caused a lot of operators to start short-terming the business," another executive explains, "making decisions that really cut the heart out of the business—all of the things necessary to remain on the competitive edge for the long term." (These things include product development, marketing research, management information systems and sufficient operations staff.)

While most executives interviewed for this story attributed job changes in general to the above situation, just how much analyst pressures had to do with individual shifts in 1987 is difficult to determine. Following is a list of executives and their shifts with explanations for the job changes where possible:

Top foodservice chain executives: in one door and out the other.

Fred Gonzales left his position as senior marketing vice president of Ponderosa after Asher Edelman took over, not

wanting to be "at a cash-driven company where all of the management's energy was directed at servicing debt rather than building the company up for the long term." Gonzales went to JB's Restaurants Inc., a smaller company where he could effect changes more quickly. (Gonzales went to JB's in March 1987 after one year at Ponderosa, preceded by 2½ years at Church's.)

Richard Sherman resigned from the top spot at Church's because he "disagreed with the company's strategy of growing through primarily company-owned units." He tried to take the company private by acquiring the chain. When his offer was rejected he reappeared in July 1987 as president, chief executive officer and part owner of Rally's, a privately held drive-thru burger chain, which he has grown from 22 stores to 72 through franchising.

Robert Larive, fired from a position as chief executive officer and president of Calny Inc. in December 1986 and thwarted in his repeated attempts to buy the company via private investment group before it was picked up by PepsiCo in April 1988, resides in Hillsborough, Calif. Larive says he spent the last year "reviewing acquisition and franchise opportunities" in the California area. Larive left Calny because "they weren't happy with the company's short-term earnings. There just wasn't a lot of patience on the board for the long term. They wanted numbers now and didn't understand that there was no way to improve for the short term. I just couldn't get them to look at the future as opposed to each quarter."

Richard Reinhard says he fortuitously left Southland Corp. before the founding family staged a leveraged buyout that resulted in a $5 billion debt and multitudinous firings. Reinhard feels the LBO was definitely prompted by pressures from stockholders and analysts. Reinhard left Southland to become president and chief executive officer of Central Park U.S.A., the nation's first double-drive-thru burger chain.

The tale at the top at TGI Friday's is full of shifts. **Dan Scoggin** left at the end of 1986 to reappear in July 1987 with a new concept, Juliano's Corp., which sells uncooked pizzas that patrons cook at home. Scoggin founded the company in July 1987 with San Francisco financial planner Larry Gaffe as president. Scoggin was replaced at

FOODSERVICE EXECUTIVE SALARIES

Salaries are certainly a determinant in job shifts. So who got what in 1987? The following table, in descending order of cash compensation (salary and bonus), lists top executive salaries and benefit highlights at nine foodservice companies.

	Cash compensation (salary & bonus)	Compensation highlights
	$970,886	
	$412,393	
	$719,948	
	$522,448	
	$654,193	
	$230,194	
	$629,868	
	$484,491	
	$610,577	
	$355,000	
	$575,000	
	$316,250	
	$262,138	
	$150,948	

*Cooper resigned as CEO Nov. 30, 1987; Office resigned Jan. 21, 1987; Russo resigned Feb. 12, 1987.

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400: EXECUTIVES

Rapid, multiple shifts from one executive suite to another have become common.

EXECUTIVE SALARIES IN OTHER INDUSTRIES

Aerospace (industrial, high tech):
J.C. Bierwirth, chairman, Grumman, $520,000 salary and bonus

Banking (financial services):
T.S. Johnson, president, Chemical New York, $451,000 salary and bonus

Chemicals (industrial, low tech):
R.C. Hyndman, vice chairman, Morton Thiokol, $515,000 salary and bonus

Conglomerates (industrial, low tech):
H.E. Singleton, chairman, Teledyne, $850,000 salary and bonus

Drugs (consumer products):
E.L. Step, executive vice president, Eli Lilly, $571,000 salary and bonus

Food processing (consumer products):
R.G. McGovern, president & chief executive officer, Campbell Soup, $696,000 salary and bonus

Natural resources:
G.A. Cox, president and chief operating officer, Phillips Petroleum, $529,000 salary and bonus

Office equipment & computers:
K.V. Cassani, vice chairman, IBM, $667,000 salary and bonus

Service industries:
J.B. Schwemm, chairman, R.R. Donnelley & Sons, $659,000 salary and bonus

TGI Friday's by **J. Michael Jenkins,** who came over from Pillsbury's S&A Corp., and brought **Richard Rivera,** former S&A colleague, with him. When the stock market crashed just more than a year later, Jenkins left Friday's, hoping to acquire a company with low stock prices and strong underlying economic strength. (At press time, he was still looking.) Rivera succeeded Jenkins.

At press time, **Gene Stone,** former chairman and chief executive officer of Skipper's Inc. and **Chris LeSourd,** former Skipper's president, had yet to resurface following their December resignations. **Everett "Jeff" Jefferson,** former president and chief operating officer of International King's Table Inc., stepped in as chief executive officer at Skipper's in May.

Lou Neeb, former chief executive officer at Burger King and former president of Steak & Ale and Taco Villa, is now big into franchising. Neeb teamed up with Dallas investor William Dunham to form GC-DFW Corp., a franchise company that will develop 15 Golden Corral Family Steak Houses in the Dallas-Fort Worth area within the next five years. Neeb and Dunham also head up Southwest Uno Inc., the Dallas-area Pizzeria Uno franchise, and plan to develop at least 10 Pizzeria Unos.

Art Gunther made his third career switch of the past two years to become a franchisee of Pizzeria Uno in San Francisco. Gunther resigned from the presidency of Pizza Hut in 1986 to preside at La Petite Boulangerie, then owned by PepsiCo. He stayed with the chain through its acquisition by Mrs. Fields Cookies and then left for Pizzeria Uno.

Thomas Gruber left a position as vice president and director of international marketing at McDonald's in March 1987 to become executive vice president of marketing at Jerrico Inc. For undisclosed reasons, Gruber left Jerrico in December and was replaced by **Bob McDevitt,** who came over from Pizza Hut.

Harris Cooper stepped down from the presidency of International Dairy Queen in November 1987 to launch a new venture called TeleChef, a firm that delivers reheatable meals to consumers' homes. (IDQ owns 60% of the company.) At press time, TeleChef had temporarily ceased operations for lack of working capital.

Chris Schoenleb left the chief executive officer spot at Bojangles' to become president of Fortis and Fortis advertising in February 1987, a position which he left in September 1987 to become vice president of franchise operations-East for Midas Muffler.

Terry Spaight was a regional manager for S&A until he left to become executive vice president and director of operations at Brock Hotel Corp.'s ShowBiz-Pizza Time division in May 1987. Spaight says he made the shift to rejoin Dick Frank, who left S&A in 1985 to become chairman of ShowBiz.

Anthony Lavely came over from a position as executive vice president of marketing at Jerrico's Long John Silver's to become president of ill-fated Quik-Wok—the Chinese fast-food concept Pillsbury is now trying to sell. Not wishing to waste talent, Pillsbury moved Lavely to Burger King, where he is vice president of marketing.

Thomas Arnold resigned from the presidency at Del E. Webb in January 1987 to get into the real estate business in February 1987. Arnold is now president of Allen Tenant Services in Phoenix, Ariz.

Fallout from the Saga saga, **Fedele Bauccio** and **Ernest Collins,** who served as president of Stuart Anderson's Cattle Co. and vice president general counsel and secretary of Saga, respectively, until May 1, 1987, bought a San Francisco catering firm called Bon Appetit in July 1987.

John Theoharis left a position as vice president and director of operations at Casa Lupita when it was sold to Grisanti's in August 1987. He moved to become president and chief executive officer at PoFolks, replacing **Clyde Culp** who resigned at the end of December 1987, just a month after the chain filed for Chapter 11. Culp and **Walter Spear,** who resigned from PoFolks' executive vice presidency, have yet to reappear in the foodservice business. ***—Monica Kass***

400: INSTITUTIONS

BEYOND BREAK EVEN

It's getting sunnier on the institutional side of the street; and, a lot more competitive.

Survival no longer seems to be the only concern in institutions these days. The schools, colleges and, in most cases, health-care institutions that were going to "make it" already have. Those institutions that were not able to make ends meet are now out of business.

The institutions that were successful in their quest for financial soundness—even profitability—have instituted an awesome number of services and programs to keep customers and revenues in house. They had to. Competition from fast-food chains, declining occupancy rates, higher labor costs—these factors plus many more made innovation a necessity for survival.

For Dade County children, innovation on the part of the 2,500-employee school foodservice department has meant new points of service, new promotions, new menu items and much more. The district encompasses 256 schools in an area that is 70 miles from its most northern to its most southern school and provides about 192,000 meals a day (35 million a year).

"Basically, we're trying to make it easier for customers to eat our food," says Jack Hastings, food and nutrition department director. "Some of our campuses are rather large; kids have only 30 to 40 minutes to eat and by the time they walk to the cafeteria, stand in line and purchase food, they don't have much time left."

One way Hastings has tried to solve the problem is by taking food to the students rather than trying to get the students to the food.

For instance, many of Dade County's 26 high school foodservice departments serve students not only in cafeterias but also with satellite lines. Box lunches, a la carte foods, packaged juices and other easy-to-transport foods are taken to the customers (all high school campuses are open). According to Hastings, a couple of the schools have kiosks. In other instances, foodservice employees sell lunches from under a covered walkway, a book room that is not being used and, in one school, employees built a shed under which foodservice could conduct lunch-time business.

Snack shop opens onto outside patio.

This year, the department also installed its first Snack Shop, a small service area with a walk-up window that opens onto a patio area. According to Hastings, many Dade County schools are old (the county recently passed a $980 million bond issue for new school construction and renovation) "and the insides just don't look like a Burger King or McDonald's. In some of our schools, it's more beneficial to us to serve the students outside—not have them come into the cafeterias."

Pizza, chicken nuggets, stuffed baked potatoes and salad bars are particularly popular in the county schools. "We leave the burgers to the chains," concedes Hastings. Salad bar selections, now available in 50 schools (an additional 90 will be installed during the fall and, in a couple of years, all schools will have them, says Hastings), are served

400: INSTITUTIONS

on paper plates with the Dade County School logo. "We're moving more and more in the direction of logos on packaging," says the director. "Customers are accustomed to those kinds of wrappings and find them appealing."

Hastings also keeps students eating on campuses by offering a variety of ethnic foods such as black beans and rice (more than 77% of the Dade County School students are ethnic minorities; more than 50% are of Hispanic origin, including Panamanian, Nicaraguan and Cuban).

A recent breakfast promotion increased sales substantially. A printed menu was sent to students' homes, and parents were reminded that if their children qualified for free or reduced-price lunches, they also qualified for breakfast. Principals announced the breakfast menu for the next day over a public address system each morning. Hastings expects the number of breakfasts served to increase to 50,000 from 30,000 this fall. Offered are such items as French toast sticks (similar to the ones sold by Burger King), bagels, scrambled eggs and cheese in pita pockets, waffles, and sausage and biscuits.

Other institutions are following similar routes to increase profitability. At the Houston schools in Texas, menu items recently added to increase customer counts included baked potatoes and fish nuggets.

Many universities are continuing to renovate operations to offer students more variety. Food courts—with an almost endless number of selections designed to meet the tastes and available dollars of every customer—are being designed and opened. Some college foodservice departments have opted to install commercial operations such as brand-name ice cream shops; others supply in-house-produced selections, which can range from pasta bars to coffee and dessert houses and fine-dining restaurants.

For instance, Sweet Sensations, a retail bakery outlet operated by the University of Tennessee's foodservice department, was doing adequate business when it offered fresh-baked goodies and hand-dipped ice cream served on homemade waffle cones. About 300 customers a day were spending $175 to $225. But to increase revenue, Foodservice Director Norm Hill decided to sell gourmet coffee as well. A year after the department turned a bakery shop into a coffee shop that sold bakery items on the side, business had increased more than 280%, with customer counts up to 1,200 a day.

At the University of Pennsylvania in Philadelphia, a 160,000-square-foot retail and office complex opened in early spring adjacent to the campus. The $21 million project, known as 3401 Walnut, combines university offices with a shopping mall. It was financed through an unusual partnership with private investors. The stores are a joint venture between the university and a shopping center developer.

Health-care facilities are facing the revenue crunch in a variety of ways. In some instances, they are selling off less profitable facilities. For example, Hos-

America's ten best-selling yogurts (ranked by flavor):

GIVE 'EM WH

If the yogurt you serve to your customers isn't pure, lowfat Dannon, you may be disappointing a lot of people.

Because the fact is, Dannon is America's best-selling brand of yogurt, outselling its three major competitors combined.

And it comes in all shapes and sizes (not to mention

pital Corp. of America spun off 104 hospitals to its employees for $1.5 billion in cash and some preferred stock last year. Analysts say that move has so far proved successful in bolstering the earnings of the nation's largest hospital chain. In May this year, American Medical International followed suit, saying it would sell 37 small hospitals to its employees for about $910 million in cash, debt and securities (the deal is expected to be completed by the end of August). The new company will have 4,200 licensed beds, or 43% of AMI's domestic operations including eight of the 25 Lifemark hospitals.

One way Humana is trying to beat the empty-bed syndrome is by creating a vertical empire. The company is promoting group health insurance that directs policyholders to Humana hospitals, where they now account for almost 10% of the patient days. In late May, Humana bought Maxicare Health Plans Inc.'s health maintenance organizations in Kentucky and San Antonio, Texas.

Other health-care facilities have entered areas of revenue production they never dreamed of in years past. Foodservice departments are catering fancy dinners, weddings and business meetings; they are packaging and selling frozen special diet meals; offering takeout deli platters and packaged baked goods for sale, and developing services such as weight-loss and drug-abuse programs. A few are even selling antiques and works of art.

Dade County salads are placed on plates with logos. There will be more emphasis on creative packaging.

Simply, institutions are going to almost any length to make ends meet.

However, their efforts may soon be curtailed. In mid-May, the Reagan Administration endorsed congressional proposals to tax more types of income-producing activities carried on by tax-exempt organizations. The plan, drafted by a House subcommittee, would end the tax-free status of mail-order sales, discount travel programs, health clubs and a wide variety of commercial ventures that have long been run by charitable and social service organizations. Comments Monsignor Andrew McGowan, vice chairman of the board at Mercy Hospital in Scranton, Pa., and a representative of the American Hospital Association, "Any drastic changes in the tax law that would adversely affect hospitals' ability to raise revenues through all legitimate means could have serious implications for the future health care of our nation." —*Susie Stephenson*

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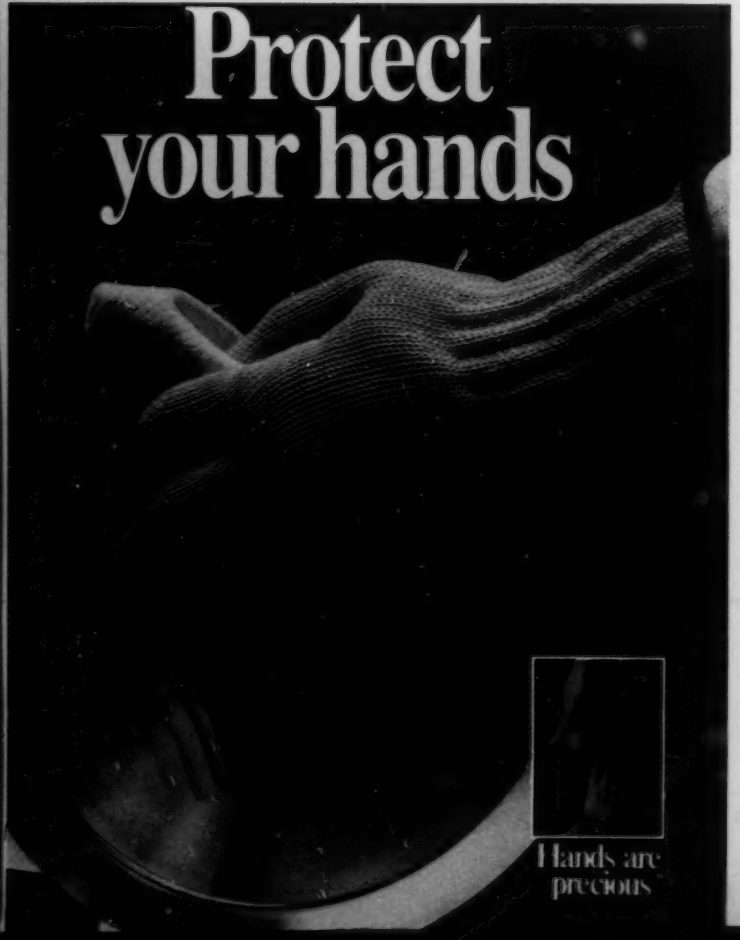
Protect your hands



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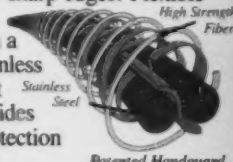

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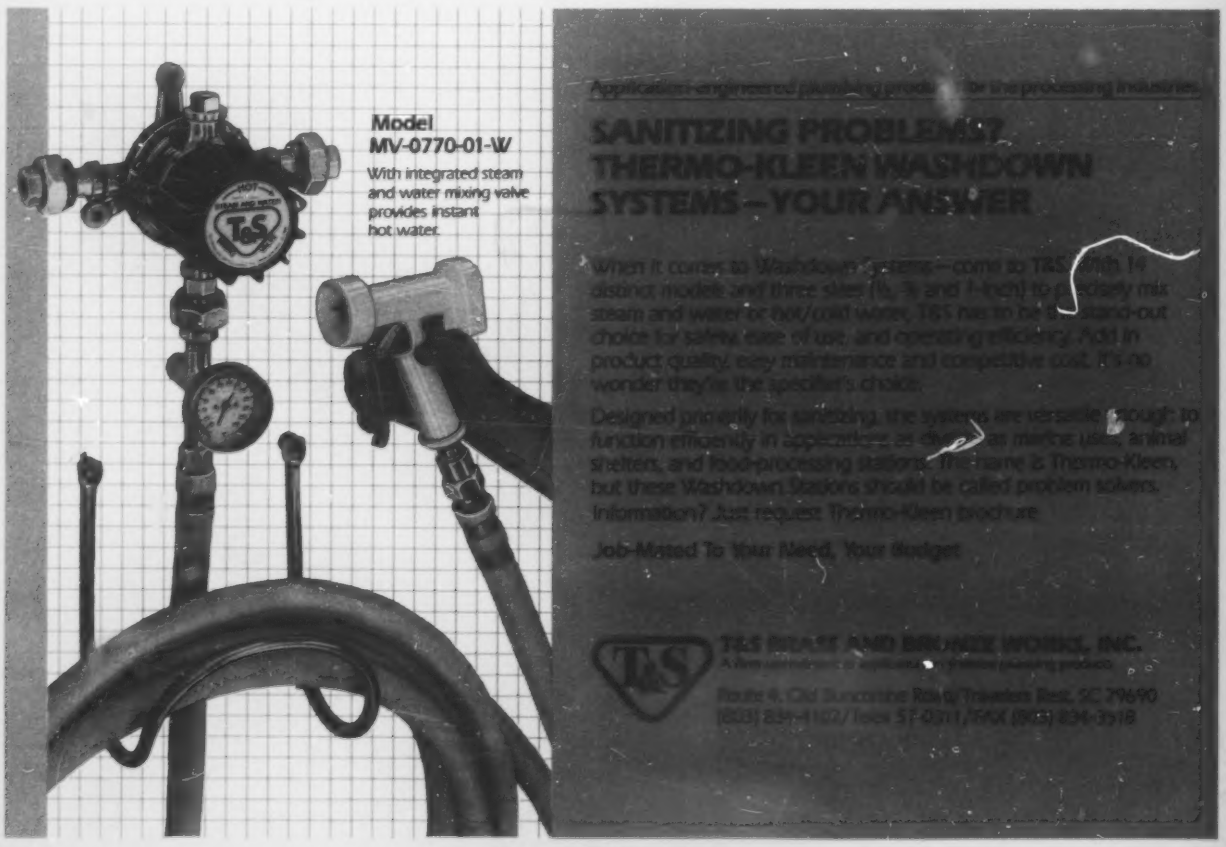

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